

FRANCES BAARD

DISTRICT MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS
30 JUNE 2009

FRANCES BAARD DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2009

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GENERAL INFORMATION

GENERAL INFORMATION

1. GRADING

Grade 4 – Category C.

Council is accorded the same grading as the largest Category B municipality in the district, namely Sol Plaatje Municipality, which is a Grade 4 local authority

2. AUDITORS

2.1. External Auditors

The Office of the Auditor-General
Private Bag X5013
KIMBERLEY

2.2. Internal Auditors

The Internal Audit section is fully staffed and operational according to council policy. The use of external service providers is limited to cases where internal capacity is insufficient to conduct specialized investigations.

2.3. Members of the Audit Committee

Mr. MTA Mabija	Chairperson
Mr. AKM Bhyat	
Mr. TC Marumo	

3. BANKERS

Absa Bank
80 Bultfontein Rd
KIMBERLEY

Type of Account:
Account Number:

Current Account
940 000 327

4. REGISTERED OFFICE

Frances Baard District Municipality
51 Drakensberg Avenue
CARTERS GLEN 8301

Private Bag X6088
KIMBERLEY 8300

5. GENERAL ACTIVITIES

Council undertakes the spectrum of a Category C municipality activities allocated by legislation, as well as the district roads maintenance function on behalf of the Northern Cape Provincial Department of Transport, Roads & Public Works.

6. COUNCILLORS

Council's structure is based on the Executive Mayoral System, Incorporating:

***District Management Area; and
Category B Municipalities—***

- Sol Plaatje : Grade 4
- Phokwane : Grade 2
- Dikgatlong : Grade 2
- Magareng : Grade 2

6.1. *Executive Mayor of District Municipality:*

Mr. A Florence

Proportional

6.2 *Speaker of District Municipality*

Ms. M Chwarisang

Sol Plaatje Municipality

6.3 *Members of the Mayoral Committee:*

Mr. A Florence (Chairperson)	Proportional
Mr. BM Maribe	Proportional
Mr. PN Jammer	Dikgatlong Municipality
Mr. W Johnson	Magareng Municipality
Ms. DM Moeketsi	Phokwane Municipality
Ms. MM Moloji	Proportional

6.4 *Ordinary Council Members:*

Ms. MJ Beyleveld	Sol Plaatje Municipality
Mr. EJ Damoense	Sol Plaatje Municipality
Ms. KJ de Kock	Sol Plaatje Municipality
Mr. L Matsekete	Sol Plaatje Municipality
Ms. M Mogwazeni	Sol Plaatje Municipality
Vacant	Sol Plaatje Municipality
Mr. PAS Strauss	Sol Plaatje Municipality
Mr. LM Sebolai	Sol Plaatje Municipality
Ms. DP Papers	Dikgatlong Municipality
Mr. BG Modise	Phokwane Municipality
Mr. MA Gabanele	District Management Area
Ms. HE Booysen	Proportional
Ms. M Hattingh	Proportional
Mr. TS Kgaladi	Proportional
Mr. DJP van der Merwe	Proportional
Mr. LJ Letebele	Proportional
Mr. LO Mothomme	Proportional
Ms. KD Sediso	Proportional

7. MANAGEMENT STRUCTURE

Council's senior management structure consists of the Municipal Manager and heads of the four main departments. The Office of the Municipal Manager includes management functions pertaining to municipal systems improvement and integrated development planning functions.

Municipal Manager

Mr. TJ Nosi
B.Admin; B.Admin(Hons)

Director: Administration

Ms. NG Kgantsi
M. Public Admin

Director: Infrastructure Services

Mr. PJ van der Walt
B.Sc.Eng; M.Eng.(Civil); ECSA

Acting Director: Finance

Mr. P.J van Biljon
B.A; Nat Dipl.; (AIMFO)

Director: Planning & Development

Mr. FS Mdee
M. Civil Design

7. CERTIFYING OF FINANCIAL STATEMENTS

I am responsible for the preparation of these financial statements, which are set out on pages FR-1 to FR-12, AP-1 to AP-21 and FS-1 to FS-51, in terms of section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 21 of these financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of the Provincial and Local Government's determination in accordance with this act.

MUNICIPAL MANAGER

DATE: 31 August 2009

AUDITOR GENERAL REPORT

CHIEF FINANCIAL OFFICER REPORT

FINANCIAL PERFORMANCE REVIEW

By the Chief Financial Officer

1. INTRODUCTION

The main aim of the Department of Finance is to ensure that the Frances Baard District Municipality is financially sustainable to fulfill its developmental role.

In order to do this, Council follows a practice of sound, conservative budgeting aimed at enhancing financial resources through maximised revenue collection and controlling costs to the minimum necessary expenditure. Council also utilizes all possible sources of external financing to supplement its own infrastructure investment strategies, including the use of State grants and loan funding from the Development Bank of Southern Africa.

Integrated Development Planning (IDP) is the corner stone of facilitating sustainable development in the District. Given the nature of the Integrated Development Plan, it was necessary to revise and update financial strategies on a continuous basis. Pre-determined key performance indicators in the IDP and operational outcomes have informed and driven the financial planning process about what is financially affordable given the financial targets and expenditure limits determined by National Treasury.

During the financial year under review the Finance Minister emphasize on the sharp downturn experiencing in the global economy and the impact it might have on the country's economy with specific reference to slower growth which will be characterized by rising in unemployment, decline in business profitability and closure of some companies. Given the economic crisis the Minister urge that municipalities must give priority to managing revenue streams, protecting the poor from the worst economic turndown impacts, supporting meaningful local economic development initiatives that foster micro and small business opportunities and job creation as well as expediting capital projects that are funded by conditional grants. Notwithstanding the negative impact on revenue streams and ability to spend according to service delivery and budget implementation plan, the district municipality manages to maintain focus on key service delivery areas in supporting the local municipalities in the district area by spending almost 50% of it total operating expenditure on infrastructure, maintenance and social related projects. The implementation of IDP infrastructure projects in the current financial year reflects fairly good as most of the IDP projects have been completed timeously with the exception of two projects from own revenue to the estimated amount of R1,7m that will be rolled over for completion in the new financial year.

The Community Wealth (CRR Reserve and Unappropriated Surplus) has grown from approximately R48,31 million to approximately R56,70 million for the financial year under review. All of the provisions and resources are cash backed.

Council holds a substantial amount of conditional grants and receipts. The amount allocated in terms of DoRA increased for the financial year under review due to the fact that more money has been allocated for infrastructure and job creation related projects. It is envisaged that most of the remaining unspent grants will be expended before the end of the next financial year as per already approved business plans.

2. OPERATING RESULTS

Council has achieved a significant operating surplus to the amount of R7,92m before taking into account net appropriations to the amount of R1,76m for the past financial year. The positive results are mainly due to high returns on invested cash reserves, unspent grant funding rolled over from previous financial year and spent during the financial year under review as well as savings on expenditure like salaries, contracted services, general expenses and repairs & maintenance.

The operating results for the year ended 30 June 2009 are as follows:

<i>Revenue & Expenditure</i>	<i>Actual 2008 R</i>	<i>Actual 2009 R</i>	<i>Variance 2008/09 %</i>	<i>Budget 2009 R</i>	<i>Variance Actual / Budget %</i>
Operating Income for the year	75,852,038	87,687,890	15.60%	82,677,513	-6.06%
Operating Expenditure for the year	(74,285,014)	(79,776,533)	7.39%	(87,903,017)	9.24%
Net Gain (Loss) on Disposal of Property Plant & Equipment	9,749	5,769			
<i>SURPLUS / (DEFICIT) FOR THE YEAR</i>	<i>1,576,772</i>	<i>7,917,126</i>		<i>(5,225,504)</i>	
Accumulated Surplus / (Deficit) at the beginning of the year	59,408,318	39,413,799			
Nett appropriations for the year	(21,571,290)	(1,758,838)	-91.85%	5,243,140	133.55%
<i>Accumulated Surplus / (Deficit) at the end of the year</i>	<i>39,413,799</i>	<i>45,572,088</i>		<i>17,637</i>	

Details of the operating results per classification and object of income and expenditure are included in the statement of financial performance and appendix E(1), whilst the detailed operating results per National Treasury functional classification are reflected in appendix D.

Council's performance, when compared to the budget, must be seen in the context of conservative budgeting practices influenced by other factors such as the inability of some Category B municipalities to implement grant & subsidy allocated projects.

Comments relating to budgeted income and expenditure as per National Treasury functional classifications are as follows:

2.1 Executive and Council:

Revenue & Expenditure	Actual 2008 R	Actual 2009 R	Variance 2008/09 %	Budget 2009 R	Variance Actual / Budget %
Revenue	893,000	2,148,248	140.57%	1,028,000	-108.97%
Expenditure	13,195,240	16,158,118	22.45%	18,291,750	11.66%
SURPLUS / (DEFICIT)	(12,302,240)	(14,009,870)	13.88%	(17,263,750)	18.85%

Executive and Council consists of Council activities, the office of the Municipal Manager, Internal Audit unit and Communications section and reflects a net deficit of R14,10m compared to the approved deficit of R17,26m. The expenditure for Executive & Council reflects under-expenditure to the amount of R2,14m which is mainly due to the following reasons:

- A number of positions with specific reference to the office of the Internal Audit Unit and Communication section has been budgeted for the full year whilst they have not been filled accordingly.
- Legal Services reflects an under expenditure to the estimated amount of R373k compared to the approved budget.
- Councillor training reflects an under expenditure to the amount of R276k versus the approved budgeted amount of R400k.
- An amount of R750k has been budgeted for performance bonuses to all levels of employees. Due to lack of an approved performance system with criteria to employees other than the section 57 managers a saving to the estimated amount of R183k realised for the year under review.
- General expenses such as consultancy and printing & stationary reflect an estimated under expenditure of R1,68m in respect of special projects youth unit, communications and internal audit unit, that contributes to the saving on the vote of Council and Executive.

2.2 Finance & Administration:

Revenue & Expenditure	Actual 2008 R	Actual 2009 R	Variance 2008/09 %	Budget 2009 R	Variance Actual / Budget %
Revenue	61,842,351	67,139,153	8.57%	62,572,000	-7.30%
Expenditure	13,092,990	20,112,029	53.61%	21,094,165	4.66%
SURPLUS / (DEFICIT)	48,749,361	47,027,125	-3.53%	41,477,835	-13.38%

FRANCES BAARD DISTRICT MUNICIPALITY

The vote of Finance & Administration reflects a positive deviation of R5,55m or 13,38% compared to the approved budget. The following factors mainly contributed to the positive variance:

Revenue:

Interest earned on external investments reflects a positive deviation of R1,36m compared to the approved amount of R7,78m. The significant deviation is mainly due to higher than planned levels of cash reserves throughout the year.

High cash reserve levels are attributed to increase of income and reserves as well as to delayed expenditure patterns.

Expenditure:

Expenditure reflects a saving to the amount of R0,98m or 4,66% compared to the approved budget for Finance and Administration. Main reasons for the under expenditure are:

- A number of new and approved vacant positions in the Department of Finance and Administration have been budgeted for the full year whilst they were not be filled accordingly.
- Saving on capital charges to the amount of R489k due to the fact that the external loan with DBSA materialised during the last quarter of the financial year whilst interest on external loan has been budgeted for six months to the estimated amount of R869k.
- Audit fees reflect a saving to the amount of R169k versus the approved budget of R750k for the financial year under review.
- Consultancy with regard to the information technology section also contributed to the under spending under the vote finance and administration to the estimated amount of R626k in respect of the finalisation of the IT master plan at year end.

2.3 Planning & Development::

<i>Revenue & Expenditure</i>	<i>Actual 2008 R</i>	<i>Actual 2009 R</i>	<i>Variance 2008/09 %</i>	<i>Budget 2009 R</i>	<i>Variance Actual / Budget %</i>
Revenue	11,935,026	16,164,075	35.43%	29,395,695	45.01%
Expenditure	43,889,884	38,068,099	-13.26%	41,778,262	8.88%
<i>SURPLUS / (DEFICIT)</i>	<i>(31,954,858)</i>	<i>(21,904,024)</i>	<i>-31.45%</i>	<i>(12,382,567)</i>	<i>-76.89%</i>

Revenue:

The negative deviation of 45,01% on revenue compared to the approved budget is mainly due to savings on other budget votes versus the actual expenditure as well as the fact that more revenue was generated, which resulted in the anticipated transfer from the accumulated surplus to fund specific infrastructure projects to the estimated amount of R16,18m not being utilised. The total value of grants and subsidies received has been adjusted to match the nature of the grant in question:

- Unconditional grants are fully reflected as revenue; while
- Conditional grants are reflected as revenue equivalent to the expenditure incurred in terms of the grant.

Expenditure:

The actual expenditure versus the approved budget for the vote Planning and Development only reflects an under expenditure of 8,88%. However except for the marginal under expenditure on infrastructure projects to the amount of R1,7m, under spending occurred in respect of special projects in the Local Economic Development Unit to the amount of R1,77m versus the approved budget of R3,88m. The Planning Unit also reflects an under expenditure to the amount of R154k in respect of special projects – MSIG, consultancy and professional fees for drafting of a property valuation roll for the district management area.

2.4 *Health:*

<i>Revenue & Expenditure</i>	<i>Actual 2008 R</i>	<i>Actual 2009 R</i>	<i>Variance 2008/09 %</i>	<i>Budget 2009 R</i>	<i>Variance Actual / Budget %</i>
Revenue	100,000	92,000	-8.00%	92,000	0.00%
Expenditure	1,348,618	1,415,317	4.95%	1,657,670	14.62%
<i>SURPLUS / (DEFICIT)</i>	<i>(1,248,618)</i>	<i>(1,323,317)</i>	<i>5.98%</i>	<i>(1,565,670)</i>	<i>15.48%</i>

The environmental health section reflects a total saving to the amount of R242k or 14,62% compared to the approved budget due to savings on the personnel budget and motor vehicle usage to the amount of R65k not completed according to the approved service delivery and budget implementation plan.

2.5 Community & Social Services:

<i>Revenue & Expenditure</i>	<i>Actual 2008 R</i>	<i>Actual 2009 R</i>	<i>Variance 2008/09 %</i>	<i>Budget 2009 R</i>	<i>Variance Actual / Budget %</i>
Revenue	-	-	0.00%	-	0.00%
Expenditure	807,020	749,402	-7.14%	853,375	12.18%
<i>SURPLUS / (DEFICIT)</i>	<i>(807,020)</i>	<i>(749,402)</i>	<i>-7.14%</i>	<i>(853,375)</i>	<i>12.18%</i>

The under expenditure to the amount of R104k or 12,18% compared to the approved budget is mainly attributed to special community projects to the value of R78k not spent according to identified and pre-determined projects.

2.6 Public Safety:

<i>Revenue & Expenditure</i>	<i>Actual 2008 R</i>	<i>Actual 2009 R</i>	<i>Variance 2008/09 %</i>	<i>Budget 2009 R</i>	<i>Variance Actual / Budget %</i>
Revenue	645,389	731,420	13.33%	823,000	11.13%
Expenditure	1,555,656	1,843,996	18.53%	2,155,815	14.46%
<i>SURPLUS / (DEFICIT)</i>	<i>(910,267)</i>	<i>(1,112,576)</i>	<i>22.23%</i>	<i>(1,332,815)</i>	<i>16.52%</i>

Fire Fighting and Disaster Management section reflects an under expenditure to the amount of R312k compared to the approved budget.

The main reason for the variation is due to savings on the personnel budge, unforeseen emergency projects to the amount of R150k as well as under spending on the Fire Fighting and Disaster Management grant for special projects to the total value of R78k versus the approved budget of R525k.

2.7 Water Services – Koopmansfontein:

<i>Revenue & Expenditure</i>	<i>Actual 2008 R</i>	<i>Actual 2009 R</i>	<i>Variance 2008/09 %</i>	<i>Budget 2009 R</i>	<i>Variance Actual / Budget %</i>
Revenue	20,880	22,997	10.14%	99,470	76.88%
Expenditure	20,877	28,989	38.86%	67,850	57.27%
<i>SURPLUS / (DEFICIT)</i>	3	(5,992)	-190943%	31,620	119%

The budget in respect of revenue and expenditure for Koopmansfontein water services were not realistically and the deviation with regard to the actual revenue and expenditure compared to the approved budget is not regarded as significant.

An estimate of 90% of the 37 households in Koopmansfontein is indigent. The tariff determined for water consumption is not sufficient to cover the full operating cost to render the service and therefore any loss will be funded as a contribution from the equitable share allocation.

2.8 Electricity Service – Koopmansfontein:

<i>Revenue & Expenditure</i>	<i>Actual 2008 R</i>	<i>Actual 2009 R</i>	<i>Variance 2008/09 %</i>	<i>Budget 2009 R</i>	<i>Variance Actual / Budget %</i>
Revenue	9,970	6,649	0.00%	35,420	81.23%
Expenditure	9,967	8,690	0.00%	49,420	82.42%
<i>SURPLUS / (DEFICIT)</i>	3	(2,041)	0.00%	-14,000	85%

The budget in respect of free basic services for electricity at Koopmansfontein was not realistically and the deviation of actual expenditure compared to the approved budget is not regarded as significant.

An electricity pre-paid system is used and Eskom is the service provider with the district municipality responsible to fund the 50 kWh free basic service (*if registered as an indigent*) as a contribution from the equitable share allocation.

2.9 Housing

<i>Revenue & Expenditure</i>	<i>Actual 2008 R</i>	<i>Actual 2009 R</i>	<i>Variance 2008/09 %</i>	<i>Budget 2009 R</i>	<i>Variance Actual / Budget %</i>
Revenue	420,774	1,391,224	0.00%	1,057,815	-31.52%
Expenditure	370,364	1,394,000	0.00%	1,057,815	-31.78%
<i>SURPLUS / (DEFICIT)</i>	<i>50,410</i>	<i>(2,776)</i>	<i>0.00%</i>	<i>-</i>	<i>0.00%</i>

In compliance with the provisions of Section 10(1), 2(a) and 3(a) of the Housing Act 1997, Frances Baard District Municipality (*as a pilot project from National Government*) has applied to the MEC to be accredited for the purpose of administering national housing programme. The municipality's immediate tasks are to establish a properly functioning housing unit; to establish and maintain mutual relationship with Sector Departments; and to manage the housing delivery in the district. A housing unit has been established in December 2007 as part of the project objectives to receive full accreditation to perform the housing function.

3. APPROPRIATIONS

Appropriations for the year amount to a net outflow of R2,05m which can mainly be attributed to:

- Transfer to Capital Replacement Reserve (R10,113,200)
- Property, Plant and Equipment purchased R7,822,662
- Offsetting of depreciation R 231,222

4. POST-BALANCE SHEET EVENTS

No other significant events have occurred between the balance sheet date and the time of issuing this report.

5. CAPITAL EXPENDITURE AND FINANCING

FRANCES BAARD DISTRICT MUNICIPALITY

	<i>Actual 2009 R</i>	<i>Budget 2009 R</i>	<i>Variance Actual / Budget %</i>	<i>Actual 2008 R</i>
<u>Capital Expenditure</u>				
Executive & Council	1,331,891	1,754,260	24.08%	215,046
Finance & Administration	706,688	742,725	4.85%	1,957,388
Planning & Development	20,721,733	26,465,200	21.70%	4,444,138
Health	16,064	0	100.00%	-
Community & Social Services	4,225	4,500	100.00%	4,624
Housing	-	27,000	100.00%	50,410
Public Safety	342,539	295,720	-15.83%	48,508
Water Services	-	-	0.00%	-
<i>TOTAL CAPITAL EXPENDITURE:</i>	<i>23,123,140</i>	<i>29,289,405</i>	<i>21.05%</i>	<i>6,720,114</i>
<u>Financing of Fixed Assets</u>				
Capital Replacement Reserve	8,123,140	14,262,405	43.05%	6,627,735
External Loans	15,000,000	15,000,000	0.00%	-
Government Grants & Subsidies	-	27,000	100.00%	92,378
<i>TOTAL FUNDING OF CAPITAL EXPENDITURE:</i>	<i>23,123,140</i>	<i>29,289,405</i>	<i>21.05%</i>	<i>6,720,114</i>

Actual expenditure incurred on fixed assets represents an increase of R16,40m in comparison with the 2007/08 financial year.

The actual capital expenditure reflects 21,05% or R6,16m less than the approved budget and can mainly be attributed to the under expenditure on the building of a new Council Chamber to the budgeted amount of R24,7m. The unspent portion has been rolled over to the new financial for completion of the project.

Council attained a capital efficiency ratio of 78,95% which needs to be closely monitored and improved in the coming financial years.

(A complete analysis of capital expenditure per asset classification is included in appendix B)

6. EXTERNAL BORROWINGS

The District Municipality took up an external loan of R15m from Development Bank of Southern Africa during the financial year to partially finance the construction of a Council Chamber, offices and training facilities to the total estimated value of R34m. An amount of R15m reflects outstanding as at 30 June 2009 in terms of the external loan agreement.

Some financial ratios relevant to external borrowings are:

	<u>2008/09</u>	<u>2007/08</u>
Interest Bearing Debt to Revenue	17,12%	-
Average Interest Paid to Debt	2,53%	-
Capital Charges to Operating Expenditure	0,48%	-

7. CASH AND INVESTMENTS

Council's cash and investments to the amount of R70,44m reflect an increase of R2543m or 3,75% compared to the previous financial year. Investments to the amount of R500k are ceded as collateral security on housing loans for officials of Council. *(Refer to note 16)*

8. OUTSTANDING RECEIVABLES

Overall receivables including the short term portion of long term receivables reflect an increase of R2,31k compared to the previous financial year. The 0,04% decrease can mainly be attributed to the effective implementation of credit control policy and debt management procedures for the year under review. Provision for bad debts decreased by R0,06k compared to the previous financial year which is not regarded as significant.
(Details with regard to the breakdown of debtors per category is set out in Notes 13 & 14)

Some financial ratios relevant to debtors are:

	<u>2008/09</u>	<u>2007/08</u>
Debt to Revenue	8,61%	8,38%
Outstanding Water Consumer Debtors to Revenue	6,95%	2,75%
Days Debtors Outstanding – Koopmansfontein Water	25 Days	10 Days

9. OUTSTANDING PAYABLES

Increase of outstanding payables to the amount of R4,31m or 273,79% can mainly be attributed to the increase in trade payables to the total value of R4,54m compared to the previous financial year.

Unspent government grants reflect a decrease of 37,25% mainly due to an increase in the spending grants and subsidies rolled-over from the previous financial year.

Some financial ratios relevant to payables are:

<u>Creditors Management</u>	<u>2008/09</u>	<u>2007/08</u>
Creditors system efficiency	100%	100%

A trademark of the District Municipality is its commitment and ability to fully settle its creditors' accounts within the required terms of 30 days or as per applicable legislative requirement. This statement is supported by the constant 100% payment levels to creditors.

(Details with regard to outstanding payables is set out in Notes 4)

10. RATIO ANALYSIS / BENCHMARKS

Financial viability and sustainability is one of the key performance areas of the District Municipality as determined in the IDP. In order to ensure that the District Municipality maintains a healthy financial position, appropriate financial ratios / benchmarks are used to assist the District Municipality in assessing its financial wealth.

The appropriate financial ratios / benchmarks to assess the District Municipality's financial position are:

<u>Liquidity</u>	<u>2008/09</u>	<u>2007/08</u>
Liquidity - Current Ratio	4,26: 1	4,87: 1
Cash to Current Liabilities	3,85: 1	4,45: 1
Total Asset Turnover	2,29 Times	4,51 Times
Grant Dependency (Actual receipts per DoRA allocation)	87,62%	86,07%

<u>Efficiency</u>	<u>2008/09</u>	<u>2007/08</u>
Personnel costs to operating expenditure (Inclusive of councilor remuneration)	33,33%	30,59%

11. EXPRESSION OF APPRECIATION

I am grateful to the Executive Mayor, the Speaker, Councillors, the Municipal Manager, Heads of Departments and staff for their support and co-operation received during the past financial year.

A special word of appreciation is appropriate to the staff involved with the compilation of the financial statements for their dedication and hard work, as well as to all the staff in the Directorate Finance for their full support and commitment in the operations of the Directorate.

P.J. VAN BILJON
ACTING CHIEF FINANCIAL OFFICER

ACCOUNTING POLICIES

**ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE
FINANCIAL STATEMENTS**

1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Directive 5 “Determining the GRAP Reporting Framework”, issued by the Accounting Standards Board.

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associate
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases

FRANCES BAARD DISTRICT MUNICIPALITY

GRAP 14	Events after the reporting date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment (PPE)
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-Current Assets Held for Sale and Discontinued Operations
GRAP 101	Agricultural
GRAP 102	Intangible assets

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 4: "Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has adopted the transitional provisions for the following GRAP Standards:

GRAP 17 – Property, Plant and Equipment

2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4. COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

5. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been adopted by the municipality:

GRAP 18	Segment Reporting
GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from Non-Exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 26	Impairment of cash-generating assets
GRAP 103	Heritage Assets

6. FOREIGN CURRENCY TRANSACTIONS

The Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

7. RESERVES

7.1 *Capital Replacement Reserve (CRR)*

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR in terms of a Council Resolution for approval thereof. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

The amount transferred to the CRR is based on the municipality's need to finance capital projects included in the Integrated Development Plan.

The CRR may only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items.

7.2 *Revaluation Reserve*

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation reserve is realized as revaluated buildings are depreciated, through a transfer from the Revaluation Reserve to the accumulated surplus / (deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus / (deficit) while gains or losses on disposal, based on revaluated amounts, are charged to the Statement of Financial Performance.

8. LEASES

8.1 *Municipality as Lessee*

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Transfer of ownership is not required to be recognised as a finance lease. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

8.2 Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

9. BORROWING COST

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

10. UNSPENT CONDITIONAL GRANTS

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

11. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

12. EMPLOYEE BENEFITS

(a) Pension obligations

The District Municipality contributes to the following post retirement funds - Cape Joint Pension fund, Cape Joint Retirement fund and SAMWU Retirement fund which provides for retirement benefits to its employees.

For defined contribution plans, the District Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or reduction in the future payments is available.

At present Council is paying, out of own funds, pensions to certain persons from the former Divisional Council Vaalrivier who retired before 31 December 1990.

It is an unfunded post-employment benefit and the amount paid per year is recognised as an expense on the operating account.

(b) Post Retirement Medical obligations

The District Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pay 70% as contribution and remaining 30% are paid by members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries. (See note: 27)

(c) Long Service awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries at year-end and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries are charged against the Statement of Financial Performance as employee benefits upon valuation.

(d) Ex-Gratia Pension Benefits

The municipality provides pension benefits to all employees who were not members of the pension or provident funds, and who had completed at least ten years of service at the council on reaching the age of 60. The municipality's obligation under these plans is valued by independent qualified actuaries at year-end and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries are charged against the Statement of Financial Performance as employee benefits upon valuation.

(e) Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

13. PROPERTY, PLANT AND EQUIPMENT

13.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are

initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measure at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

13.2 Subsequent Measurement – Revaluation Model

Subsequent to initial recognition, Property, Plant and Equipment are carried at a revalued amount, unless otherwise stated in the relevant Notes to the Financial Statements, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

13.3 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

13.4 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives

	<i>Years</i>		<i>Years</i>
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
<u>Community</u>		Specialised plant and	
Buildings	30	Equipment	10-15
Recreational Facilities	20-30	Other plant and	
Security	5	Equipment	2-5
Halls	20-30	Landfill sites	15
Libraries	20-30	Quarries	25
Parks and gardens	15-20	Emergency equipment	10
Other assets	15-20	Computer equipment	3
<u>Heritage assets</u>			
No depreciation			
<u>Finance lease assets</u>			
Office equipment	3		
Other assets	5		

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), and an impairment loss is charged to the Statement of Financial Performance.

13.5 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

14. INTANGIBLE ASSETS

14.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

14.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

14.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	3

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

14.3 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

15. INVESTMENT PROPERTY

15.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use

The cost of self-constructed investment property is the cost at date of completion.

15.2 Subsequent Measurement – Fair Value Model

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

15.5 Derecognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

16. NON-CURRENT ASSETS HELD FOR SALE

16.1 Initial Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

16.2 Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

17. CONSTRUCTION CONTRACTS

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by either the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or surveys of work done or completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

18. IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of Financial Performance.

19. INVENTORIES

19.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

19.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the first-in, first-out method.

20. FINANCIAL INSTRUMENTS

Financial instruments recognised on the balance sheet include trade and other receivables, cash and cash equivalents, annuity loans and trade and other payables.

20.1 Initial Recognition

financial instruments are initially recognised at fair value.

20.2 Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial Liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

20.2.1 Investments

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairments as calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

20.2.2 Trade and Other Receivables

For amounts due from debtors carried at amortised cost, the municipality first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment include significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 120 days overdue). If the municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the income statement.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

20.2.3 Trade Payables and Borrowings

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

20.2.4 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with bank, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

20.3 *Derecognition of Financial Instruments*

20.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the municipality has transferred substantially all the risks and rewards of the asset, or (b) the municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

20.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of Financial Performance.

20.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

20.5 Impairment of Financial Assets

The Municipality assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

21. REVENUE

21.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

21.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

21.3 Grants, Transfers and Donations

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

22. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. It includes full-time councillors, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

23. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management

Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

24. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 200), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

25. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

26. CONTINGENT LIABILITIES

Contingent liabilities existent at the reporting date include housing loan guarantees issued by arrangement with Council's bankers. An investment has been ceded to the bank for global security against individual guarantees issued for collateral security provided for approved employees.

Other known contingent liabilities are reflected in the financial statements.

27. AGENCY SERVICES

Council performs a cost-based roads maintenance service on behalf of the Department of Transport, Roads and Public Works of the Northern Cape Province.

Financial reporting on agency services is excluded from these statements as the principal requires reports to be submitted for processing on their independent system.

Inter-authority obligations relevant to the agency service on the reporting date are reflected in the Statement of Financial Position.

28. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

FINANCIAL STATEMENTS

30 JUNE 2009

FRANCES BAARD DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED ON 30 JUNE 2009

	Note	2009 R	2008 R
<u>NET ASSETS AND LIABILITIES</u>			
Net Assets		62,912,566	54,995,440
Capital Replacement Reserve		10,943,550	8,953,491
Government Grant Reserve		-	-
Revaluation Reserve		6,396,928	6,628,150
Accumulated Surplus / (Deficit)		45,572,088	39,413,799
Non-current Liabilities		35,046,240	19,315,139
Borrowings	1	15,000,000	-
Non-Current Provisions	2	20,046,240	19,315,139
Current Liabilities		18,303,107	17,630,163
Provisions	3	4,444,568	3,365,957
Trade Payables	4	5,887,652	1,575,100
Unspent Conditional Grants and Receipts	5	7,951,455	12,671,294
Operating Lease Liability	6.1	19,432	17,813
Current Portion of Long-term Liabilities	1	-	-
Cash and Cash Equivalents	16	-	-
TOTAL: NET ASSETS AND LIABILITIES		116,261,913	91,940,742
<u>ASSETS</u>			
Non-current Assets		38,255,362	16,797,637
Property, Plant and Equipment	7	38,099,640	16,791,915
Non-Current Assets Held for Sale	8	150,000	-
Investment Property	9	-	-
Intangible Assets	10	-	-
Investments	11	5,722	5,722
Long-term Receivables	12	-	-
Current Assets		78,006,551	75,143,105
Taxes	15	2,875,546	2,553,167
Trade Receivables from Exchange Transactions	13	1,100	320
Trade Receivables from Non-Exchange Transactions	14	4,673,376	4,676,474
Operating Lease Asset	6.2	12,182	11,430
Current Portion of Long-term Receivables	12	-	-
Cash and Cash Equivalents	16	70,444,347	67,901,714
TOTAL: ASSETS		116,261,913	91,940,742

FRANCES BAARD DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED ON 30 JUNE 2009

Budget			Actual
2009 R	2008 R	Note	2009 R
		REVENUE	
73,909,513	57,588,195	Revenue from Non-Exchange Transactions	77,243,343
-	-	Taxation Revenue	-
-	-	Property Rates - DMA	-
-	-	Property rates - penalties imposed and collection charges	-
-	-	Public contributions, donated and contributed property, plant and equipment	-
73,909,513	57,588,195	Transfer Revenue	76,836,081
53,321,000	-	Regional Service Levy Replacement Grant	53,321,000
20,588,513	57,588,195	Government grants and subsidies	23,028,179
-	-	Public contributions	486,902
-	-	Other Revenue	407,262
-	-	Fines	1,250
-	-	Actuarial Gains	406,012
-	-	Changes in Fair Value	-
-	-	Assets Identified for the first time	-
8,768,000	7,968,660	Revenue from Exchange Transactions	10,444,547
17,000	18,260	Service charges	15,815
36,000	30,000	Rental of facilities and equipment	45,313
7,780,000	6,250,000	Interest earned - external investments	9,138,607
-	3,400	Interest earned - outstanding debtors	-
-	-	Licenses and permits	-
715,000	650,000	Income for agency services	781,111
220,000	1,017,000	Other income	463,701
82,677,513	65,556,855	Total Revenue	87,687,890
		EXPENDITURE	
25,363,305	22,626,895	Employee related costs	22,679,670
3,949,350	3,932,940	Remuneration of Councilors	3,908,311
-	-	Bad debts	648
-	50,000	Collection costs	-
1,414,115	1,292,770	Depreciation	1,639,746
-	-	Amortisation	-
-	-	Impairments	-
-	-	Actuarial Losses	5,822
1,516,330	1,861,140	Repairs and maintenance	1,048,212
-	-	Finance Charges - Employee Benefits	2,209,855
869,590	-	Finance Charges	-
23,000	54,800	Bulk purchases	12,946
7,366,610	5,606,945	Contracted services	3,714,811
39,815,465	42,056,510	Grants and subsidies paid	38,816,787
7,585,252	6,703,665	General expenses	5,739,725
-	-	Changes in Fair Value	-
87,903,017	84,185,665		79,776,533
(5,225,504)	(18,628,810)	SURPLUS / (DEFICIT) FOR THE YEAR	7,911,357
-	-	Gains on disposal of property, plant and equipment	7,876
-	-	Loss on disposal of property, plant and equipment	(2,106)
(5,225,504)	(18,628,810)	NET SURPLUS / (DEFICIT) FOR THE YEAR	7,917,126

FRANCES BAARD DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED ON 30 JUNE 2009

	Capital Replacement Reserve R	Government Grant Reserve R	Revaluation Reserve R	Accumulated surplus (Deficit) R	Total R
2008					
Balance at 1 July 2007	5,921,921	688,081	6,859,372	59,408,318	72,877,691
Change in Accounting Policy - Note 28	-	-	-	(19,590,847)	(19,590,847)
Prior year errors - Note 28					
Restated balance at 1 July 2007	5,921,921	688,081	6,859,372	39,817,471	53,286,844
Surplus/(deficit) for the year	-	-	-	1,576,772	1,576,772
Revaluation of Land & Buildings	-	-	-	-	-
Transfer to Capital Replacement Reserve	9,671,760	-	-	(9,671,760)	-
Property, plant and equipment purchased	(6,640,190)	-	-	6,640,190	-
Capital grants used to purchase Property Plant & Equipment	-	-	-	-	-
Donated/contributed Property Plant & Equipment	-	92,378	-	(92,378)	-
Asset disposals	-	(2,035)	-	2,035	-
Offsetting of depreciation	-	(285,332)	(231,222)	516,553	-
BALANCE AT 30 JUNE 2008	8,953,491	493,093	6,628,150	38,788,883	54,863,616
2008					
Correction of error (Note 27)	-	-	-	131,823	131,823
Change in accounting policy (Note 28)	-	(493,093)	-	493,093	-
RESTATED BALANCE	8,953,491	-	6,628,150	39,413,799	54,995,440
2009					
Surplus/(deficit) for the year	-	-	-	7,917,126	7,917,126
Revaluation of Land & Buildings	-	-	-	-	-
Transfer to Capital Replacement Reserve	10,113,200	-	-	(10,113,200)	-
Property, plant and equipment purchased	(8,123,140)	-	-	8,123,140	-
Capital grants used to purchase Property Plant & Equipment	-	-	-	-	-
Donated/contributed Property Plant & Equipment	-	-	-	-	-
Asset disposals	-	-	-	-	-
Offsetting of depreciation	-	-	(231,222)	231,222	-
BALANCE AT 30 JUNE 2009	10,943,550	-	6,396,928	45,572,088	62,912,566

FRANCES BAARD DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 30 JUNE 2009

	Note	2009 R	2008 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		75,918,474	67,596,240
Cash paid to suppliers and employees		(74,397,077)	(70,195,362)
Cash generated from/(utilised in) operations	29	1,521,398	-2,599,122
Dividends received		-	-
Interest received		9,138,607	9,034,487
Interest paid		-	-
NET CASH FROM OPERATING ACTIVITIES		10,660,005	6,435,366
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(23,123,140)	(6,720,113)
Proceeds on disposal of property, plant and equipment		5,769	15,352
Increase in investment properties		-	-
Increase / (decrease) in non-current receivables		-	(27,389)
Increase in non-current investments		-	-
NET CASH FROM INVESTING ACTIVITIES		(23,117,371)	(6,732,150)
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings raised / (repaid)		15,000,000	-
Increase in consumer deposits		-	-
Increase in unspent grants & subsidies		-	(3,432,533)
Decrease / (increase) in short-term borrowings		-	-
NET CASH FROM FINANCING ACTIVITIES		2,542,634	(3,729,318)
NET DECREASE IN CASH AND CASH EQUIVALENTS		2,542,633	(3,729,317)
Cash and cash equivalents at the beginning of the year		67,901,714	71,631,031
Cash and cash equivalents at the end of the year	16	70,444,347	67,901,714

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1 BORROWINGS

Local Registered Stock Loans
Annuity Loans - DBSA
Capitalised Lease Liability
Government Loans : Other
Sub-total

2009

R

-
15,000,000
-
-
15,000,000

2008

R

-
-
-
-
-

Less : Current portion transferred to current liabilities

Local Registered Stock Loans
Annuity Loans
Capitalised Lease Liability
Government Loans : Other

-
-
-
-
-

-
-
-
-
-

Total External Loans

15,000,000

-

A fixed term loan over a period of 10 years was taken up with the Development Bank of Southern Africa to construct a new council Chamber and offices. In terms of the service level agreement, as amended, the loan will be repaid in 18 six -monthly instalments with the first instalment payable on 31 Decdember 2010. Interest payments commenced on 30 June 2009.

No current portion will be transferred to current liabilities for the year under review.

2 NON-CURRENT PROVISIONS

Employment Benefit Provisions

Provision for Post Employment Health Care Benefits
Provision for Ex-Gratia Pension Benefits
Provision for Long Service Leave Awards

20,279,882
724,910
758,174

19,528,705
704,784
694,808

21,762,966

20,928,297

Less Short Term Portion Transferred to Current Provisions

(1,716,726)

(1,613,158)

Total Employee Benefit Provisions

20,046,240

19,315,139

EMPLOYEE BENEFIT PROVISIONS

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19,

2.1 Provision for Post Retirement Health Care Benefits

The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continuation member of such medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
The Post Employment Health Care Benefit plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	56	56
Continuation members (e.g. retirees, widows, orphans)	44	56
Total Members	100	112
The liability in respect of past service has been estimated to be as follows:		
In-service members	1,620,064	1,560,000
Continuation members	18,659,818	17,968,000
Total Liability	20,279,882	19,528,000
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:		
Bonitas;		
Keyhealth		
LA Health		
ProSano		
SAMWU Medical Aid		
The Future-service Cost for the ensuing year is estimated to be R 164,095, whereas the Interest- Cost for the next year is estimated to be R 2,136,852.		
Key actuarial assumptions used:		
i) Rate of interest		
Discount rate	10.97%	10.97%
Health Care Cost Inflation Rate	9.78%	9.78%
Net Effective Discount Rate	1.08%	1.08%
ii) Mortality rates		
The PA 90 ult. Mortality table was used by the actuaries.		
iii) Normal retirement age		
The normal retirement age for employees of the municipality is 60 years.		

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

The amounts recognised in the Statement of Financial Position are as follows:

	2009 R	2008 R
Present value of fund obligations	20,279,882	19,528,705
Fair value of plan assets	-	-
Unrecognised past service cost -	-	-
Unrecognised actuarial gains / (losses) -	-	-
Present value of unfunded obligations	-	-
Net liability / (asset)	20,279,882	19,528,705

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	19,528,705	18,211,663
Current service cost	147,873	117,090
Interest Cost	2,062,274	1,402,261
Benefits Paid	(1,052,958)	(921,809)
Total expenses	20,685,894	18,809,205
Actuarial (gains) / losses	(406,012)	719,500
Present value of fund obligation at the end of the year	20,279,882	19,528,705

Reconciliation of fair value of plan assets:

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets -	-	-
Contributions : employer	-	-
Contributions : employee -	-	-
Past service costs -	-	-
Actuarial (gains) / losses -	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	-	-

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

	+1%	-1%
Effect on the aggregate of the current service cost	180,800	122,300
Effect on the defined benefit obligation	21,491,158	17,840,969

2.2 Provision for Long Service Bonusses

The Long Service Bonus plans are defined benefit plans. As at year end, 94 employees were eligible for Long Service Bonusses.

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

The Future-service Cost for the ensuing year is estimated to be R 99,982, whereas the Interest- Cost for the next year is estimated to be R 80,243.

Key actuarial assumptions used:

i) Rate of interest

Discount rate	10.97%	10.97%
General Salary Inflation (long-term)	9.03%	9.03%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	1.78%	1.78%

Analysis of accrued liability

Fair value of plan assets -	-	-
Accrued Liability	758,174	694,808
Unrecognised past service cost -	-	-
Present value of unfunded obligations	-	-
Net liability / (asset)	758,174	694,808

Reconciliation of accrued liability values:

Present value of fund obligation at the beginning of the year	694,808	709,953
Current service cost	90,099	124,407
Present value of fund obligation recognised for the first time		
Interest Cost	70,867	51,111
Benefits Paid	(97,600)	(142,125)
Total expenses	758,174	743,346
Actuarial (gains) / losses	-	(48,538)
Present value of fund obligation at the end of the year	758,174	694,808

Reconciliation of fair value of plan assets:

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets -	-	-
Contributions : employer	-	-
Contributions : employee	-	-
Past service costs	-	-
Actuarial (gains) / losses	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	-	-

The effect of a 1% movement in the assumed rate of general salary inflation is as follows:

	+1%	-1%
Effect on the aggregate of the current service cost	95,660	85,085
Effect on the defined benefit obligation	737,221	655,920

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2.3 Provision for Ex-Gratia Pension Benefits

The Ex-Gratia Pension Benefit plans are defined benefit plans. As at year end, 8 former employees were eligible for Ex-Gratia Benefits.

There is no Current-service cost as there are no in-service members eligible for ex-gratia pension benefits, whereas the Interest- Cost for the next year is estimated to be R 78,708.

Key actuarial assumptions used:

i) Rate of interest

Discount rate	11.34%	11.34%
Benefit Increase Rate (CPI Inflation)	8.98%	8.98%

Analysis of accrued liability

Fair value of plan assets -	-	-
Accrued Liability	724,910	704,784
Unrecognised past service cost -	-	-
Unrecognised actuarial gains / (losses) -	-	-
Present value of unfunded obligations	-	-
Net liability / (asset)	724,910	704,784

Reconciliation of accrued liability values:

Present value of fund obligation at the beginning of the year	704,784	679,002
Current service cost	-	-
Present value of fund obligation recognised for the first time	-	-
Interest Cost	76,714	52,164
Benefits Paid	(62,410)	(53,893)
Total expenses	719,088	677,273
Actuarial (gains) / losses	5,822	27,511
Present value of fund obligation at the end of the year	724,910	704,784

Reconciliation of fair value of plan assets:

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets -	-	-
Contributions : employer	-	-
Contributions : employee	-	-
Past service costs	-	-
Actuarial (gains) / losses	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	-	-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

The effect of a 1% movement in the assumed inflation is as follows:

Effect on the interest cost

Effect on the defined benefit obligation

2009	2008
R	R
+1%	-1%
85,068	69,561
778,451	641,704

2.4 Retirement Funds

CAPE JOINT PENSION FUND

This fund comprises a defined benefit section and a defined contribution section. The Cape Joint Pension Fund is a multi-employer plan and the contribution rate payable is 9%, by the members and 18% by Council. In respect of the defined benefit section the last valuation performed for the year ended 30 June 2006 (30 June 2005) revealed that the fund had an actuarial surplus of R293,01 (R87,2) million with a funding level of 111,4% (103,4%), and is in a sound financial state as at 30 June 2006.

CAPE JOINT RETIREMENT FUND

This fund comprises a defined benefit section and a defined contribution section. The contribution rate paid by the members (9,0%) and Council (18,0%) is sufficient to fund the benefits accruing from the fund in future. In respect of the defined benefit section the last valuation performed for the year ended 30 June 2006 (30 June 2005) revealed that the fund had an actuarial surplus of R38,58 (R 17.32) million with a funding level of 114% (106,2%) and is in a sound financial position as at 30 June 2006.

MUNICIPAL COUNCILLORS PENSION FUND

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and council (15%) is sufficient to fund the benefits accruing from the fund in the future.

3 PROVISIONS

3.1 Performance Bonusses

3.2 Provision for Staff Leave

3.3 Staff Bonus Provision

Current Portion of Non-Current Provisions

Total Provisions

586,791	-
1,532,721	1,264,020
608,330	488,778
1,716,726	1,613,158
4,444,568	3,365,957

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
3.1 Performance Bonuses		
Balance at beginning of year	-	-
Transfer from non-current	-	-
Contributions to provision - current year provision	586,791	-
Contributions to provision - prior year over provision	-	-
Expenditure incurred	-	-
Balance at end of year	586,791	-
3.2 Staff Leave		
Balance at beginning of year	1,264,020	753,841
Transfer from non-current	-	-
Contributions to provision - current year provision	268,701	510,179
Contributions to provision - prior year over provision	-	-
Expenditure incurred	-	-
Balance at end of year	1,532,721	1,264,020
3.3 Staff Bonus Provision		
Balance at beginning of year	488,778	430,722
Transfer from non-current	-	-
Contributions to provision - current year provision	1,013,643	921,577
Contributions to provision - prior year over provision	-	-
Expenditure incurred	(894,091)	(863,521)
Balance at end of year	608,330	488,778

Annual leave provision is based on the total number of leave days due on 30 June, at individual salary values effective on the reporting date.(Nett movement on leave provision included in employee cost for the financial year under review)

Council does not make provision for leave benefits due to the Roads Agency personnel.

Obligations for accumulated leave at the reporting date amount to:

Roads Agency obligations are dealt with as part of the annual operating subsidy provided by the principal. No accumulated obligations are accounted for in the Agency financial reports.

241,412	139,177
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Performance bonusess are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date and no present obligation exists.

Exemptions taken for provisions according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 39.5

4 TRADE PAYABLES

Other Creditors	5,887,652	1,575,100
Total creditors at year end	5,887,652	1,575,100

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
Other Creditors		
Payments received in advance	16,722	19,511
Retentions	696,254	853,370
Creditors Control	4,000,606	-
Sundry Creditors	1,079,550	536,746
ABSA Fleet Card	28,079	54,632
Salary Control: - Medical Aid Fund	-	17
Salary Control:- Workmen's Compensation	62,078	110,449
Salary Control: - SITE / PAYE	488	-
Suspense Account	3,875	374
Total: Other Creditors	5,887,652	1,575,100
5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
5.1 Conditional Grants from Other Spheres of Government	7,951,454	12,671,294
5.1.1 Equitable Share	-	340,254
5.1.2 Financial Management Grant	-	-
5.1.3 Municipal Systems Improvement Grant	1,379,409	2,225,172
5.1.4 DWAF - Sanitation (Mvula Trust)	3,524,916	3,996,672
5.1.5 NC Tourism - Contribution Tourism Month	-	-
5.1.6 Department of Transport: Expanded Works Program	-	514,902
5.1.7 District Aids Council	38,406	42,532
5.1.8 NEAR Control Centre	83,938	-
5.1.9 NCPA - Housing Accreditation Grant	269,444	926,002
5.1.10 NCPA Firefighting Equipment	532,778	478,136
5.1.11 NCPA - Sewerage System: Dikgatlong	-	-
5.1.12 NCPA - Eradication of Bucket System	104,182	1,480,446
5.1.13 DWAF- Development Holpan (Project NC145)	-	-
5.1.14 DBSA - LED & Capacity Building	-	-
5.1.15 DWAF - Warrenton (Project NC 148)	-	-
5.1.16 MIG - Projects	-	395,905
5.1.17 NCPA - O & M Electricity Grant	-	28,045
5.1.18 SETA - Skills Grant	-	-
5.1.19 Drought Relief Funds	-	-
5.1.20 Local Economic Development: Property, Plant & Equipment	-	-
5.1.22 NCPA: Vuna Awards	1,500,000	1,500,000
5.1.21 DWAF: Water testing Equipment	-	-
5.1.23 DWAF: Backlogs in Water & Sanitation at Clinics and Schools	201,424	-
5.1.24 NCPA: EPW: Lerato Park	316,959	743,228
5.2.1 Koopmansfontein Craft Project	-	-
5.2.2 Koopmansfontein Electricity Self Build Scheme	-	-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Summary of Movements - External Funds

Balance unspent at beginning of year

Current year receipts

Internal Transfers

Gross Funding

Conditions met – transferred to revenue

Unsent portion paid back to donor

Internal Transfers

Unspent Portion at Year end

2009

R

12,671,294
72,944,710
-
85,616,004
(76,744,081)
(920,470)
-
7,951,454

2008

R

15,360,600
62,490,643
1,512,497
79,363,740
(65,179,949)
-
(1,512,497)
12,671,294

The following allocations were made to the municipality according to the stipulations of the Division of Revenue Act. Revenue received are recognised as revenue to the extent that the conditions or obligations are met. Conditions still to be met are transferred to liabilities. No allocations were delayed or withheld except for the Vuna Awards which is subject to submitting a businessplan as per guideline requirements.

5.1.1 Equitable Share

Balance unspent at beginning of year

Current year receipts

Gross Funding

Conditions met – transferred to revenue

Unspent Portion at Year end

340,254
61,906,806
62,247,060
(62,247,060)
-

868,512
53,082,609
53,951,121
(53,610,867)
340,254

Department of Provincial & Local Government

Objective: To assist municipalities to provide basic infrastructure and services to low income households.

27.3 Registration fees was paid at 30 June 2008 for training of staff. The service has not been rendered at 30 June 2009.

Gross Funding

Conditions met – transferred to revenue

Unspent Portion at Year end

0

#

#

5.1.2 Financial Management Grant

Balance unspent at beginning of year

Current year receipts

Gross Funding

Conditions met – transferred to revenue

Unspent Portion at Year end

0

-
500,000
500,000
(500,000)
-

#

-
500,000
500,000
(500,000)
-

National Treasury

Objective: To finance the reform programme for municipal budgeting and financial management practices

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

5.1.3 Municipal Systems Improvement Grant

Balance unspent at beginning of year
Current year receipts
Gross Funding
Conditions met – transferred to revenue
Unspent Portion at Year end

Department of Provincial & Local Government

Objective: To assist municipalities to build capacity for the new development system of local government.

2009
R

2,225,172
735,000
2,960,172
(1,580,764)
1,379,409

2008
R

1,632,621
1,000,000
2,632,621
(407,449)
2,225,172

5.1.4 DWAF - Sanitation (Mvula Trust)

Balance unspent at beginning of year
Current year receipts
Internal transfers from dedicated DWAF funded projects
Gross Funding
Conditions met – transferred to revenue
Unspent Portion at Year end

Department of Water Affairs & Forestry

Objective: To provide adequate water and sanitation facilities to farm workers in the rural areas in the district as well as to support operation and maintenance programmes at local municipalities in the district.

3,996,672
2,501,387
-
6,498,059
(2,973,143)
3,524,916

2,357,539
1,350,774
1,512,497
5,220,811
(1,224,139)
3,996,672

5.1.5 NC Tourism - Contribution Tourism Month

Balance unspent at beginning of year
Current year receipts
Gross Funding
Conditions met – transferred to revenue
Unspent Portion at Year end

Northern Cape Tourism

Objective: Funding of tourism month activities at schools.

-
50,000
50,000
(50,000)
-

-
70,000
70,000
(70,000)
-

5.1.6 Department of Transport: Expanded Works Program

Balance unspent at beginning of year
Current year receipts
Gross Funding
Conditions met – transferred to revenue
Unspent Portion at Year end

Department of Transport, Roads and Public Works

Objective: To maintain and support job creation opportunities within the district in order to relieve poverty

514,902
-
514,902
(514,902)
-

514,902
-
514,902
-
514,902

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

5.1.7 District Aids Council

Balance unspent at beginning of year
Current year receipts
Gross Funding
Conditions met – transferred to revenue
Unspent Portion at Year end

2009
R

42,532
-
42,532
(4,127)
38,406

2008
R

46,015
-
46,015
(3,483)
42,532

Department of Health - Northern Cape Province

Objective: To finance the costs of District Aids Councils in the campaign against AIDS.

Also to provide HIV /AIDS prevention care programs and services in the region.

5.1.8 NEAR Control Centre

Balance unspent at beginning of year
Current year receipts
Gross Funding
Conditions met – transferred to revenue
Unspent Portion at Year end

-
570,000
570,000
(486,062)
83,938

-
523,000
523,000
(523,000)
-

Department of Housing & Local Government - Northern Cape Province

Objective: To maintain effective functioning of the NEAR control centres and provide additional funds for training NEAR personnel.

5.1.9 NCPA - Housing Accreditation Grant

Balance unspent at beginning of year
Current year receipts
Gross Funding
Conditions met – transferred to revenue
Unspent Portion at Year end

926,002
734,665
1,660,668
(1,391,224)
269,444

346,776
1,000,000
1,346,776
(420,774)
926,002

Department of Housing & Local Government - Northern Cape Province

Objective: To enable the District Municipality to obtain full accreditation to administer national housing programmes in terms of the delegation of functions from Department of Housing and Local Government.

5.1.10 NCPA Firefighting Equipment

Balance unspent at beginning of year
Current year receipts
Gross Funding
Conditions met – transferred to revenue
Unspent Portion at Year end

478,136
300,000
778,136
(245,358)
532,778

300,525
300,000
600,525
(122,389)
478,136

Department of Housing & Local Government - Northern Cape Province

Objective: To enhance municipalities' capacity to deal with fire hazards.

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

5.1.11 NCPA - Sewerage System: Dikgatlong

Balance unspent at beginning of year

Current year receipts

Gross Funding

Conditions met – transferred to revenue

Internal transfers to DWAF operation and maintenance programme.

Unspent Portion at Year end

Department of Housing & Local Government - Northern Cape Province

Objective: To provide improved quality sewerage connector lines in the residential areas of Proteahof and De Beershoogte

In order to increase spending, funds have been transferred to operating and maintenance programme as per DWAF approval.

2009

R

-
-
-
-
-

2008

R

446,634
-
446,634
(446,634)
-

5.1.12 NCPA - Eradication of Bucket System

Balance unspent at beginning of year

Current year receipts

Gross Funding

Conditions met – transferred to revenue

Unspent Portion at Year end

Department of Housing & Local Government - Northern Cape Province

Objective: To eliminate the use of bucket sanitation systems in the district by end of September 2008

1,480,446

-

1,480,446

(1,376,264)

104,182

4,824,407

-

4,824,407

(3,343,961)

1,480,446

5.1.13 DWAF- Development Holpan (Project NC145)

Balance unspent at beginning of year

Current year receipts – included in public health vote

Gross Funding

Conditions met – transferred to revenue

Internal transfers to DWAF operation and maintenance programme.

Unspent Portion at Year end

Department of Housing & Local Government - Northern Cape Province

Objective: To administer funding for the upgrading of the bulk water supply to Holpan and rudimentary reticulation for 200 erven.

In order to increase spending, funds have been transferred to operating and maintenance programme as per DWAF approval.

-

-

-

-

-

1,373,623

-

1,373,623

(475,617)

(898,006)

-

5.1.14 DBSA - LED & Capacity Building

Balance unspent at beginning of year

Current year receipts

Gross Funding

Conditions met – transferred to revenue

Unspent Portion at Year end

Department of Housing & Local Government - Northern Cape Province

Objective: To assist in the development of a LED strategy.

-

-

-

-

-

-

150,000

150,000

(150,000)

-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

5.1.15 DWAF - Warrenton (Project NC 148)

Balance unspent at beginning of year

Current year receipts

Gross Funding

Conditions met – transferred to revenue

Internal transfers to DWAF operation and maintenance programme.

Conditions still to be met

Department of Housing & Local Government - Northern Cape Province

Objective: To administer funding for the extension of the existing reticulation network of Ikhukseng to supply water to 241 ervin.

In order to increase spending, funds have been transferred to operating and maintenance programme as per DWAF approval.

2009

R

-
-
-
-
-

2008

R

135,181
-
135,181
-
(135,181)
-

5.1.16 MIG - Projects

Balance unspent at beginning of year

Current year receipts

Gross Funding

Conditions met – transferred to revenue

Unspent amount paid back to Donor

Unspent Portion at Year end

Department of Provincial & Local Government

Objective: To provide service delivery infrastructure to households in poorer residential areas

395,905
2,100,000
2,495,905
(1,575,435)
(920,470)
-

2,251,888
1,337,970
3,589,858
(3,193,953)
-
395,905

5.1.17 NCPA - O & M Electricity Grant

Balance unspent at beginning of year

Current year receipts

Gross Funding

Conditions met – transferred to revenue

Unspent Portion at Year end

Department of Housing & Local Government - Northern Cape Province

Objective: To improve the operation and maintenance of the Electricity infrastructure in the district

28,045
-
28,045
(28,045)
-

28,045
-
28,045
-
28,045

5.1.18 SETA - Skills Grant

Balance unspent at beginning of year

Current year receipts

Gross Funding

Conditions met – transferred to revenue

Unspent Portion at Year end

Sector Education and Training Authority

Objective: To be used for training and capacity building of employees as per approved Skills Work Plan.

-
174,950
174,950
(174,950)
-

88,422
-
88,422
(88,422)
-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

5.1.19 DPLG Drought Relief Funds

Balance unspent at beginning of year
Current year receipts
Gross Funding
Conditions met – transferred to revenue
Internal transfers to DWAF operation and maintenance programme.
Unspent Portion at Year end

Department of Provincial and Local Government

Objective: To assist municipalities to fund emergency water services supply to communities affected by drought.

In order to increase spending, funds have been transferred to operating and maintenance programme as per DWAF approval.

2009
R

-
-
-
-
-

2008
R

123,900
-
123,900
(91,224)
(32,676)
-

5.1.20 Local Economic Development: Property, Plant & Equipment

Balance unspent at beginning of year
Current year receipts
Gross Funding
Conditions met – transferred to revenue
Unspent Portion at Year end

Department of Tourism, Environment and Conservation

Objective: To supply furniture and office equipment for the upgrading of tourism offices.

-
-
-
-
-

-
67,934
67,934
(67,934)
-

5.1.21 DWAF: Water testing Equipment

Balance unspent at beginning of year
Current year receipts
Gross Funding
Conditions met – transferred to revenue
Unspent Portion at Year end

Department of water affairs and forestry

Objective: To supply water testing equipment for regular testing of water samples.

-
-
-
-
-

-
38,760
38,760
(38,760)
-

5.1.22 NCPA: Vuna Awards

Balance unspent at beginning of year
Current year receipts
Gross Funding
Conditions met – transferred to revenue
Unspent Portion at Year end

Department of Housing & Local Government - Northern Cape Province

Objective: To initiate community projects as per approved business plans by the Department of Housing and Local Government.

1,500,000
-
1,500,000
-
1,500,000

-
1,500,000
1,500,000
-
1,500,000

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

5.1.23 DWAF: Backlogs in Water & Sanitation at Clinics and Schools

Balance unspent at beginning of year
Current year receipts
Gross Funding
Conditions met – transferred to revenue
Unspent Portion at Year end

Department of water affairs and forestry

Objective: To eradicate water supply and sanitation backlogs of all clinics and schools which were never served by December 2009.

2009
R

-
2,885,000
2,885,000
(2,683,576)
201,424

2008
R

-
-
-
-
-

5.1.24 NCPA: EPW: Lerato Park

Balance unspent at beginning of year
Current year receipts
Gross Funding
Conditions met – transferred to revenue
Unspent Portion at Year end

Department of Transport, Roads & Public Works

Clearance and vegetation control of sidewalks for access roads in Lerato Park

743,228
-
743,228
(426,269)
316,959

-
743,228
743,228
-
743,228

5.2 Other Conditional Receipts

5.2.1 Koopmansfontein Craft Project

Balance unspent at beginning of year
Current year receipts
Gross Funding
Conditions met – transferred to revenue
Unspent Portion at Year end

Koopmansfontein Craft Project

Objective: To enable the local community to generate funds to become self Sufficient. The fund received from sales are held in trust by the FBDM until a Private Corporate Entity has been established to manage the funds.

Funds were transferred to the newly established corporate.

-
-
-
-
-

21,610
-
21,610
(21,610)
-

5.2.2 Koopmansfontein Electricity Self Build Scheme

Balance unspent at beginning of year
Current year receipts
Gross Funding
Conditions met – transferred to revenue
Unspent Portion at Year end

Private contributions: ESKOM & Farmers

Objective: To complete the Koopmansfontein self build scheme with financial contribution from ESKOM and farmers.

-
486,902
486,902
(486,902)
-

-
816,368
816,368
(816,368)
-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

5.2.2 Nedbank: Special project - Speaker

Balance unspent at beginning of year

Current year receipts

Gross Funding

Conditions met – transferred to revenue

Unspent Portion at Year end

Private institution: Nedbank

Objective: To fund the "take a child girl to work" programme in the office of the Speaker

2009

R

2008

R

-	-
-	10,000
-	10,000
-	(10,000)
-	-

6 OPERATING LEASE ARRANGEMENTS

6.1 The Municipality as Lessee

Leases not previously recognised

Balance on 30 June

19,432	17,812
19,432	17,812

At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:

Up to 1 Year

2 to 5 Years

More than 5 Years

Total Operating Lease Arrangements

254,863	233,812
-	254,863
-	-
254,863	488,675

Reconciliation

Balance 1 July

Amount previously recorded

Change in accounting policy - Note 28.5

Movement during the year

Balance on 30 June

17,812	-
-	-
-	17,812
1,619	-
19,432	17,812

6.2 The Municipality as Lessor

Leases not previously recognised - Note 28.6

Balance on 30 June

12,182	11,430
12,182	11,430

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Up to 1 Year
1 to 5 Years
More than 5 Years
Total Operating Lease Arrangements

2009	2008
R	R
13,224	22,744
62,856	59,589
-	16,492
76,080	98,825

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has an undetermined conditional income.

Reconciliation

Amount previously recorded (Through change in accounting policy)
Change in accounting policy - Note 28.6
Movement during the year
Balance on 30 June

11,430	9,771
-	-
752	1,659
12,182	11,430

7 Property Plant & Equipment

7.1 GRAP 17 - Property, Plant and Equipment

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting

Land;
Property, Plant and Equipment financed by way of finance leases;
Property, Plant and Equipment financed by way of provisions;
Property, Plant and Equipment transferred as a result of the transfer of functions; and
Componentised infrastructure assets.

The municipality is currently in a process of identifying all Property, Plant and Equipment and have it valued in terms of

The municipality did not measure the following, in terms of the transitional provisions:

- Review of useful life of item of PPE recognised in the annual financial statements.
- Review of the depreciation method applied to PPE recognised in the annual financial statements.
- Review of residual values of item of PPE recognised in the annual financial statements.
- Impairment of non-cash generating assets.
- Impairment of cash generating assets.

Since the previous reporting date the following Property, Plant and Equipment were measured in accordance with GRAP

Land;
Refuse tip-sites financed by way of a provision;
Changes to accumulated depreciation as a result of the componentising of infrastructure assets
Total not previously recognised now restated retrospectively

-	-
-	-
-	-
-	-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

7.2 30 June 2009

Reconciliation of Carrying Value of Property Plant & Equipment

Carrying Values at 1 July 2008

Total Assets at the beginning of the year

Cost

Capital Under Construction

Revaluation

Accumulated Depreciation

- Cost

- Revaluation

Current year contributions

Acquisitions

Capital Under Construction

Increase / Decrease in Revaluation

Depreciation

- Cost

- Revaluation

Carrying Value of Disposals

- Cost / Revaluation

- Accumulated Depreciation

Other Movements

Impairment Losses

Transfer to Non Current Assets Held For Sale (Note 8)

Carrying Values at 30 June 2009

Total Assets at the end of the year

Cost

Capital Under Construction

Revaluation

Accumulated Depreciation

- Cost

- Revaluation

Other Assets	Community Assets	Heritage Assets	Total
16,629,748	162,168	-	16,791,916
24,504,449	225,610	-	24,730,059
12,646,323	225,610	-	12,871,934
4,189,657	-	-	4,189,657
7,668,469	-	-	7,668,469
(7,874,701)	(63,442)	-	(7,938,143)
(6,834,382)	(63,442)	-	(6,897,824)
(1,040,319)	-	-	(1,040,319)
22,283,349	247,894	591,898	23,123,140
3,090,167	247,894	-	3,338,061
19,193,182	-	591,898	19,785,080
-	-	-	-
(1,573,758)	(83,856)	-	(1,657,614)
(1,342,536)	(83,856)	-	(1,426,392)
(231,222)	-	-	(231,222)
(7,802)	-	-	(7,802)
(34,130)	-	-	(34,130)
26,327	-	-	26,327
(150,000)	-	-	(150,000)
-	-	-	-
(150,000)	-	-	(150,000)
37,181,537	326,205	591,898	38,099,640
46,603,668	473,504	591,898	47,669,070
15,552,361	473,504	-	16,025,865
23,382,839	-	591,898	23,974,737
7,668,469	-	-	7,668,469
(9,422,131)	(147,299)	-	(9,569,430)
(8,150,591)	(147,299)	-	(8,297,889)
(1,271,541)	-	-	(1,271,541)

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

7.3 30 June 2008

Reconciliation of Carrying Value of Property Plant & Equipment

Carrying Values at 1 July 2007

Total Assets at the beginning of the year

Cost

Revaluation

Accumulated Depreciation

- Cost

- Revaluation

Current year contributions

Acquisitions

Capital Under Construction

Increase / Decrease in Revaluation

Depreciation

- Cost

- Revaluation

Carrying Value of Disposals

- Cost / Revaluation

- Accumulated Depreciation

Other Movements

Impairment Losses

Other Movements

Carrying Values at 30 June 2008

Total Assets at the end of the year

Cost

Revaluation

Accumulated Depreciation

- Cost

- Revaluation

Other Assets	Community Assets	Heritage Assets	Total
<i>11,206,630</i>	<i>182,255</i>	-	<i>11,388,885</i>
<i>18,290,257</i>	<i>219,330</i>	-	<i>18,509,587</i>
10,621,788	219,330	-	10,841,118
7,668,469	-	-	7,668,469
<i>(7,083,627)</i>	<i>(37,074)</i>	-	<i>(7,120,702)</i>
(6,274,530)	(37,074)	-	(6,311,605)
(809,097)	-	-	(809,097)
<i>6,713,833</i>	<i>6,280</i>	-	<i>6,720,113</i>
2,524,176	6,280	-	2,530,456
4,189,657	-	-	4,189,657
-	-	-	-
<i>(1,285,113)</i>	<i>(26,368)</i>	-	<i>(1,311,481)</i>
(1,053,891)	(26,368)	-	(1,080,259)
(231,222)	-	-	(231,222)
<i>(5,602)</i>	-	-	<i>(5,602)</i>
(499,641)	-	-	(499,641)
494,039	-	-	494,039
-	-	-	-
-	-	-	-
-	-	-	-
<i>16,629,748</i>	<i>162,167</i>	-	<i>16,791,916</i>
<i>24,504,449</i>	<i>225,610</i>	-	<i>24,730,059</i>
16,835,980	225,610	-	17,061,590
7,668,469	-	-	7,668,469
<i>(7,874,701)</i>	<i>(63,442)</i>	-	<i>(7,938,143)</i>
(6,834,382)	(63,442)	-	(6,897,824)
(1,040,319)	-	-	(1,040,319)

The revaluation of council's land and buildings was done by professional valuers during the 2006 / 07 financial year by De Bruyn & Strauss incorporated on the method of estimated building cost less depreciation with the effective date 01 February 2007

(Appendix B & C in respect of property, plant and equipment have reference)

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

8 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale at beginning of year - at book value
Additions for the year

Non-current assets sold / written off during the year

Non-current assets held for sale at end of year - at book value

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 39.5

9 INVESTMENT PROPERTY

Investment Property as at 30 June

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 39.5

10 INTANGIBLE ASSETS

Net Carrying amount at 1 July

Change in Accounting Policy - Transfer from Property, Plant and Equipment

Cost

Accumulated Amortisation

Acquisitions

Amortisation

Disposals

Amortisation written back on disposal

Net Carrying amount at 30 June

Cost

Accumulated Amortisation

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 39.5

**2009
R**

**2008
R**

-	-
150,000	-
150,000	-
150,000	-

-	-
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-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
11 INVESTMENTS		
Unlisted		
Preference shares of 1c each, with a premium of 99c - Held at Fair Value Through Profit and Loss	3,433	3,433
Preference shares of R1.00 each - Held at Fair Value Through Profit and Loss	2,289	2,289
TOTAL INVESTMENTS	5,722	5,722
<i>Shares held in the agricultural co-operative society, acquired through purchase of operational materials. Although Council trades with GWK and receives a discount on its trading account, Council does not have any proprietary interest in the cooperative society.</i>		
12 LONG-TERM RECEIVABLES		
No Long Term Debt at Reporting Date	-	-
No Long Term Debt at Reporting Date	-	-
Long Term Portion of Long Term Debt	-	-
Short Term Portion of Long Term Debt	-	-
Long Term Debt at Reporting Date	-	-
13 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Water service		
Balances due at the end of the financial year	1,753	1,041
Less: Provision for bad debt	654	720
TOTAL TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS	1,100	320
Summary of Debtors by Customer Classification		
Consumers		
Current (0 – 30 days)	172	162
31 – 60 Days	572	94
61 – 90 Days	106	63
91 – 120 Days	903	720
Sub-total	1,753	1,041
Less: Provision for bad debts	654	720
TOTAL CONSUMER DEBTORS	1,100	320

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2008 R
14	TRADE RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	4,673,377	4,676,474
14.1	Sundry Debtors - Other	4,221,397	3,775,442
14.2	Recoverable Expenditure - Fraudulant Transactions	451,980	901,033
14.1	Sundry Debtors - Other		
	Debtors Control Account	2,104,837	1,608,216
	- Advanced - payments: Debtors Control Account	16,285	19,103
	Sundry Debtors: Interest on Investment	455,329	620,979
	Recoverable Expenditure	21,000	100,970
	Payments Made in Advance	74,970	52,632
	Salary Control:- Payments	-	5,866
	NCPA Roads Agency Services	1,548,975	1,381,170
	Total Other Debtors	4,221,397	3,788,935
	Less: Provision for Bad Debt	-	13,493
	Total Other Debtors	4,221,397	3,775,442

The fair value of trade and other receivables approximate their carrying value.

14.2	Recoverable Expenditure - Fraudulent Transactions		
	Recoverable unauthorised expenditure	901,033	601,540
	Plus: Additional recovery not anticipated	-	464,704
	Plus: New fraudulent transactions for the year	-	5,000
	Less: Amounts recovered	(449,053)	(170,211)
	Less: Written off by Council Resolution	-	-
	Total Recoverable Expenditure - Fraudulent Transactions	451,980	901,033

Fraudulent transactions to the total value of R1,978,497-72 have been discovered in August 2006 after a proper investigation was completed by SHAG Forensics (Pty).

A portion of the debt is in process to be recovered from the pension fund of the official involved - Accountant Expenditure.

According to a report received from SHG Forensic, it was indicated that the amount to the value of R1 373 218.47 can be regarded as unrecoverable. Based on the report, Council resolved to write off the estimated unrecoverable amount to the value of R1.38M. (Council resolution MAYCON 01 06/07 dated 20 June 2007). An additional amount of R464 703.60 was recovered from the selling of house which was not anticipated during the 2006 / 07 financial year.

Fraudulent transaction to the estimated amount of R5000 was discovered during June 2008. The case relates irregular usage of petrol card for one of councils motor vehicles. The matter has been finalised and the amount recovered.

15 TAXES

VAT Receivable	2,875,546	2,553,167
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VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date through out the year.

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

16 CASH AND CASH EQUIVALENTS

Assets

	2009 R	2008 R
16.1 Call Investment Deposits	70,100,000	67,300,000
16.2 Primary Bank Account	341,047	598,414
16.3 Cash	3,300	3,300
Total Cash and Cash Equivalents - Assets	70,444,347	67,901,714
16.1 Call Investment Deposits	70,100,000	67,300,000
Short Term Investments	68,000,000	65,500,000
Absa Bank	15,000,000	30,500,000
First Rand	10,500,000	14,000,000
Nedcor	27,500,000	-
Standard Bank	15,000,000	7,000,000
Old Mutual Bank	-	14,000,000
Term Deposits	2,100,000	1,800,000
Absa Bank [Collateral]	500,000	500,000
Absa [Leave Provision]	1,600,000	1,300,000

Council provide collateral security for housing loans issued by commercial banks in favour of certain of Council's personnel. This security is provided by a block investment of R500,000 ceded to ABSA against which the bank issues letters of guarantee to the home loan financing institutions.

Trading and available-for-sale investments are subsequently carried at fair value. Average interest rate on investments in respect of the financial year under review reflects on 10.36%.

The Municipality has the following bank accounts: -

16.2 Current Account (Primary Bank Account)

ABSA Bank Kimberley (Central Business District)
Account Number 940 000 327
Cash book balance at end of year

16.3 Petty Cash & Floats

17 SERVICE CHARGES

Sale of water

Total Service Charges

341,047	598,414
3,300	3,300
15,815	11,620
15,815	11,620.03

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2008 R
18	TRANSFER REVENUE		
18.1	Regional Service Levy Replacement Grant	53,321,000	47,396,000
	Regional Service Levy Replacement Grant	53,321,000	47,396,000
18.2	Government Grants & Subsidies	23,028,179	17,035,971
	Equitable Share	8,926,060	6,214,867
	Financial Management Grant	500,000	500,000
	Municipal Systems Improvement Grant	1,580,764	407,449
	DWAF - Sanitation (Mvula Trust)	2,973,143	1,224,139
	NC Tourism - Contribution Tourism Month	50,000	70,000
	Department of Transport: Expanded Works Program	941,171	-
	District Aids Council	4,127	3,483
	NEAR Control Centre	486,062	523,000
	NCPA - Housing Accreditation Grant	1,391,224	420,774
	NCPA Firefighting Equipment	245,358	122,389
	NCPA - Sewerage System: Dikgatlong	-	-
	NCPA - Eradication of Bucket System	1,376,264	3,343,960
	DWAF- Development Holpan (Project NC145)	-	475,617
	DBSA - LED & Capacity Building	-	150,000
	MIG - Projects	1,575,435	3,193,953
	NCPA - O & M Electricity Grant	28,045	-
	SETA - Skills Grant	174,950	88,422
	DPLG Drought Relief Funds	-	91,224
	Environmental Health	92,000	100,000
	LED: Property Plant & equipment	-	67,934
	DWAF: Water testing equipment	-	38,760
	DWAF: Backlogs in Water & Sanitation atb Clinics and Schools	2,683,576	-
18.3	Public Contributions	486,902	826,368
	Koopmansfontein self build scheme	486,902	816,368
	Nedbank special projects	-	10,000
	Total Tranfer Revenue	76,836,081	65,258,339
<p><i>The unspent portions of the conditional grants are treated as current liabilities and disclosed per Note 5 above.</i></p> <p><i>Only the actual expenditure amounts are transferred to the relevant operating statement to cover the expenditure incurred in terms of the grant conditions.</i></p>			
19	OTHER INCOME		
	Commission: Insurance Payments	6,561	5,412
	Salary allocation to Roads Agency (30%) - Director Technical Services	212,657	190,257
	Private usage of Pool Vehicles - IEC	18,844	-
	Bad debts recovered	-	464,704
	Cemetery Fees	200	90
	Private telephone calls / photo copies	53,854	50,966

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
Administration cost - DPI recovery	25,166	37,155
Salary recoveries	7,886	12,463
Post Service Medical Aid	5,387	-
Sundry Debtors	28,199	-
Grader Operating Cost Recovered	92,820	-
Koopmansfontein Electricity	10,816	-
Tender Fees	-	7,500
Other	1,311	1,026
Total Other Income	463,701	769,572
20 EMPLOYEE RELATED COSTS		
Employee related costs – Salaries and Wages	15,762,105	13,243,015
Employee related costs – Contributions for UIF, pensions and medical aids	4,218,273	3,633,535
Motor car and other allowances	2,138,708	2,078,084
Housing benefits and allowances	416,491	505,275
Compulsory cost:- Skills Levy; Workmens Compensation; Industrial Council Contributions	398,193	244,110
Decrease in Provision for Post Retirement Health Benefits	(7,501)	(804,719)
Decrease in Provision for Long Service Awards	(905,085)	(17,718)
Decrease in Provision for Ex-Gratia Pension Payments	(62,410)	(53,893)
Group Insurance	134,104	115,979
Performance bonus	586,791	219,641
Total Employee Related Costs	22,679,670	19,163,308
Social contributions:		
<i>Council makes defined contributions to several pension funds in the following proportions:</i>		
<i>Cape Joint Pension Fund</i>	Employer %	Employee %
<i>Cape Joint Retirement Fund</i>	18,00	9,00
<i>SAMWU National Pension Fund</i>	18,00	9,00
<i>Pension Fund for Municipal Councillors</i>	18,00	9,00
	15,00	13,75
Remuneration of the Municipal Manager		
Annual Remuneration (Total cost to Employer)	845,420	749,712
Performance Bonuses	-	71,131
Total	845,420	820,843
Remuneration of the Chief Finance Officer		
Annual Remuneration (Total cost to Employer)	662,314	585,411
Performance Bonuses	-	55,004
Total	662,314	640,415
Remuneration of executive director: Administration		
Annual Remuneration (Total cost to Employer)	699,356	585,411
Performance Bonuses (Average cost)	-	46,753
Total	699,356	632,164

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
Remuneration of executive director: Infrastructure Services		
Annual Remuneration (Total cost to Employer)	692,333	585,411
Performance Bonuses (Average cost)	-	46,753
Total	692,333	632,164
Remuneration of executive director: Planning & Development		
Annual Remuneration (Total cost to Employer)	717,605	-
Performance Bonuses (Average cost)	-	-
Total	717,605	-
Actual payment of performance bonusess for the 2007 / 08 and 2008 / 09 was not paid. A provision to the amount of R 586 791 was established for this pupose. (Note 3)		
21 REMUNERATION OF COUNCILLORS		
Executive Mayor	538,575	485,203
Speaker	269,290	242,602
Mayoral Committee Members	1,632,759	1,470,751
Councillors	1,311,320	1,226,260
Councillors' pension contribution	108,200	101,201
Other Obligatory Contributions (Skills Levy,etc.)	48,167	34,834
Total Councillors' Remuneration	3,908,311	3,560,852
In-kind Benefits		
<i>The Executive Mayor and Speaker are full time.</i>		
<i>Each is provided with a cell phone, office and secretarial support at cost of council. (Cell phone benefit does not exceed the limits as determined by the Remuneration of Public Office Bearers Act)</i>		
<i>The Executive Mayor makes use of a Council owned vehicle for ceremonial duties</i>		
22 FINANCE CHARGES		
External Loans	-	-
Finance Leases	-	-
Bank Overdrafts	-	-
Total Interest on External Borrowings	-	-
Interest on external lon to the amount of R380 091 was capitalised to the project for the building of Council Chambers & Offices.		
23 BULK PURCHASES		
Water	12,946	13,570
Total Bulk Purchases	12,946	13,570

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2008 R
24	GRANTS AND SUBSIDIES PAID TO OTHER MUNICIPALITIES		
24.1	Dikgatlong Municipality	7,712,665	10,078,248
	Streets & Storm Water	795,982	1,850,137
	Sanitation	1,940,199	5,739,919
	Water	1,032,737	382,553
	Development of erven	224,000	-
	Electricity	1,914,836	1,655,483
	Machinery & Equipment	-	87,869
	Cemeteries	-	84,987
	Other Infrastructure Projects	-	277,300
	Maintenance Projects	1,804,912	-
24.2	Magareng Municipality	6,301,338	6,545,179
	Cemeteries	-	18,545
	Water	1,674,781	2,525,667
	Sanitation	700,000	623,863
	Streets & Storm Water	2,192,456	1,794,992
	Machinery & Equipment	-	863,574
	Development of erven	557,070	501,914
	Electricity	28,045	103,582
	Other Infrastructure Projects	-	113,042
	Maintenance Projects	1,148,986	-
24.3	Phokwane Municipality	3,761,761	6,922,668
	Electricity	-	110,479
	Streets & Storm Water	-	5,676,953
	Water	-	848,200
	Sanitation	2,233,371	52,592
	Development of erven	-	39,392
	Other Infrastructure Projects	-	195,053
	Maintenance Projects	1,528,390	-
24.4	Sol Plaatje Municipality	4,049,366	6,900,100
	Sanitation	1,115,683	1,675,101
	Housing	-	-
	Cemeteries	-	350,000
	Water	1,202,953	-
	Public transport	-	-
	Streets & Storm water	198,554	2,980,400
	Other Infrastructure Projects	-	1,894,600
	Maintenance Projects	1,532,176	-
24.5	District Management Areas	4,293,638	3,894,760
	Cemeteries	1,920	-
	Electricity	513,979	1,684,879
	Housing	-	47,428
	Water	290,159	1,631,840
	Sanitation	3,174,009	530,613
	Maintenance Projects	313,571	-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2008 R
	Summary of infrastructure grants paid to other municipalities	26,118,768	34,340,955
	Dikgatlong Municipality	7,712,665	10,078,248
	Magareng Municipality	6,301,338	6,545,179
	Phokwane Municipality	3,761,761	6,922,668
	Sol Plaatje Municipality	4,049,366	6,900,100
	District Management Areas	4,293,638	3,894,760
	<i>Council makes allocations to participating bodies within its area of jurisdiction. Such allocations are primarily for infrastructure development and are treated as grants in kind. Assets with regard to property, plant and equipment funded becomes the property of the participating body who controls the asset. (Unspent portion of Council's contribution amounted to R1,70m whilst the unspent portion of conditional grants reflects under Note 5 above)</i>		
25	GRANTS PAID TO OTHER ORGANS OF STATE	132,366	131,579
	Northern Cape Tourism Authority	132,366	131,579
26	OTHER SPECIAL PROJECTS	12,565,653	4,470,273
	Council - Special Projects in the Office of the Mayor and Speaker	996,883	343,928
	Municipal Manager - Ad Hoc Projects	945,298	36,815
	Communications - Communication Projects	244,596	134,720
	Implementation of New Financial System	5,391,801	1,103,050
	FMG Development	32,000	-
	Employment assistance program	35,146	17,385
	Tourism Projects	664,947	419,929
	IDP Development	22,892	
	Municipal Systems Improvement Projects	1,580,764	407,449
	Local Economic Development	1,447,184	1,188,851
	Environmental Health Projects	183,630	286,430
	Community Development	465,208	323,708
	Disaster Management	547,716	208,009
	Housing Awareness	7,590	
	Summary of Grants and Subsidies Paid		
	Grants and subsidies paid to other municipalities (Note 24)	26,118,768	34,340,955
	Grants paid to other organs of state (Note 25)	132,366	131,579
	Other special projects (Note 26)	12,565,653	4,470,273
	Total Grants and Subsidies	38,816,787	38,942,807
27	CORRECTION OF ERROR		
27.1	During the year ended on 30 June 2008, a grant received from the Department of Roads and Public Works were erroneously recognised as roads subsidy.		
	The comparative amount has been restated as follows		
	Correction of outstanding debtors (Agency Loan Account)	-	727,572
	Correction of unspent grants and subsidies	-	743,228
	Effect on surplus / (deficit) for the year	-	(15,656)
	Refer to Note 5.1.24		

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009		2009 R	2008 R
27.2	The Presidency financed the NSDP Alignment Project for Intergovernmental Cooperation. The expenditure accrued during the 2008 financial year but the funds was received in the 2009 financial year.		
	The comparative amount has been restated as follows		
	Correction of debtors	-	94,848
	Correction of conditional grants received	-	94,848
	Effect on surplus / (deficit) for the year	<u>-</u>	<u>94,848</u>
27.3	Registration fees was paid at 30 June 2008 for training of staff. The service has not been rendered at 30 June 2009.		
	The comparative amount has been restated as follows		
	Correction of debtors	-	52,632
	Effect on surplus / (deficit) for the year	<u>-</u>	<u>52,632</u>
	Net effect of Correction of Errors on the surplus / deficit for the year	<u>-</u>	<u>131,823</u>
28	CHANGE IN ACCOUNTING POLICY		
	The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:		
28.1	Government Grant Reserve		
	Balance Previously Reported		493,093
	Transferred to Accumulated Surplus		(493,093)
	Restated Amount		-
28.2	Non-Current Provisions		1 July 2007
	Balance Previously Reported		-
	Provision for Post Retirement Health Care Benefits in terms of IAS 19		18,211,663
	Provision for Long Service Awards in terms of IAS 19		709,953
	Provision for Ex-Gratia Pension Payments in terms of IAS 19		679,002
	Restated Amount on 1 July 2007		19,600,618

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2008 R 30 June 2008
28.3	Provisions		
	Balance Previously Reported		-
	Provision for Staff Leave transferred from Trade Payables in terms of GRAP 19		1,264,020
	Short Term Portion of Non-Current Provisions		(1,613,158)
	Restated Amount on 30 June 2008		(349,138)
28.4	Trade Payables (Previously reported as Creditors)		
	Balance Previously Reported		3,327,899
	Provision for Staff Leave transferred to Provisions in terms of GRAP 19		(1,264,020)
	Restated Amount on 30 June 2008		2,063,879
28.5	Operating Lease Liability		
	Balance Previously Reported		-
	Smoothing of Operating Leases in Terms of GRAP 14		17,813
	Restated Amount on 30 June 2008		17,813
28.6	Operating Lease Asset		
	Balance Previously Reported		-
	Smoothing of Operating Leases in Terms of GRAP 14		11,430
	Restated Amount on 30 June 2008		11,430
28.7	Accumulated Surplus	30 June 2008	1 July 2007
	Balance Previously Reported	59,723,563	59,408,318
	Recognition of Non-Current Provisions in Terms of GRAP 19 see note 28.2	(20,928,297)	(19,600,618)
	Recognition of Operating Lease "Smoothing" in terms of GRAP 14 see note 28.5	(17,813)	-
	Recognition of Operating Lease "Smoothing" in terms of GRAP 14 see note 28.6	11,430	9,771
	Government Grant Reserve Transferred to Surplus see note 28.1	493,093	-
	Restated Balance	39,281,976	39,817,471

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2008 R 30 June 2008
28.8	Call Investment Deposits		
	Balance Previously Reported		67,300,000
	Transferred to Cash and Cash Equivalents - Note 28.10		(67,300,000)
	Restated Amount on 30 June 2008		<u>-</u>
28.9	Bank Balances and Cash		
	Balance Previously Reported		601,714
	Transferred to Cash and Cash Equivalents - Note 28.10		(601,714)
	Restated Amount on 30 June 2008		<u>-</u>
28.10	Cash and Cash Equivalents		
	Balance Previously Reported		-
	Transferred from Bank Balances and Cash - Note 28.9		601,714
	Transferred from Call Investment Deposits - Note 28.8		67,300,000
	Restated Amount on 30 June 2008		<u>67,901,714</u>
28.11	Consumer Debtors		
	Balance Previously Reported		320
	Transferred to Trade Receivables from Exchange Transactions - Note 28.12		(320)
	Restated Amount on 30 June 2008		<u>-</u>
28.12	Trade Receivables from Exchange Transactions		
	Balance Previously Reported		-
	Transferred from Consumer Debtors - Note 28.11		320
	Restated Amount on 30 June 2008		<u>320</u>
28.13	Other Debtors		
	Balance Previously Reported		3,801,423
	Transferred to Trade Receivables from Non-Exchange Transactions - Note 28.14		(3,801,423)
	Restated Amount on 30 June 2008		<u>-</u>

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2008 R
28.14	Trade Receivables from Non-Exchange Transactions		
	Balance Previously Reported		-
	Transferred from Other Debtors - Note 28.13		3,801,423
	Restated Amount on 30 June 2008		<u><u>3,801,423</u></u>
29	CASH GENERATED BY OPERATIONS		
	Surplus for the year	7,917,126	2,920,605
	Adjustment for:-		
	Depreciation	1,639,746	1,311,004
	Gain on disposal of property, plant and equipment	(7,876)	(15,352)
	Contribution to provisions – non-current	(974,996)	-
	Contribution to provisions – current	-	-
	Internal Motor vehicle charges	-	(27,134)
	Contribution to bad debt provision	(13,559)	-
	Investment income	(9,138,607)	(9,034,487)
	Non-cash grants & subsidies	-	7,312,483
	Other non-cash activities	372,438	415,431
	Interest paid	-	-
	<i>Operating surplus before working capital changes:</i>	<u>(205,726)</u>	<u>2,882,550</u>
	(Increase) / Decrease in Inventories	-	-
	(Increase) / Decrease in Receivables	(780)	(33)
	(Increase) / Decrease in Other Receivables	3,098	1,536,501
	(Decrease) / Increase in Conditional Grants and Receipts	(4,719,839)	3,432,533
	(Decrease) / Increase in Payables	4,312,552	(1,018,984)
	(Decrease) / Increase in Provisions	1,809,713	-
	Increase in VAT	322,380	(397,201)
	<i>Cash generated by operations</i>	<u><u>1,521,398</u></u>	<u><u>6,435,366</u></u>
30	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
30.1	Unauthorised expenditure		
	Reconciliation of unauthorized expenditure		
	Opening balance	901,033	601,540
	Unauthorised expenditure current year	-	257,074
	Recovered amounts	(449,053)	(170,211)
	Approved by Council or condoned	-	(252,074)
	Transfer to receivables for recovery (Note 8.2)	-	464,704
	Unauthorised expenditure awaiting authorisation	<u><u>451,981</u></u>	<u><u>901,033</u></u>

The Accountant Expenditure involved was found guilty in terms of an internal disciplinary hearing and dismissed on 6 December 2006. The outcome of the criminal procedures is still pending and is likely to be resolved in the 2009 / 10 financial year.

The case of suspected theft of fuel has been reported for criminal investigation and internal disciplinary hearing has been to be concluded during the 2008 / 09 financial year. The matter has been concluded accordingly.

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2008 R
30.2	Fruitless and wasteful expenditure		
	Reconciliation of fruitless and wasteful expenditure		
	Opening balance	1,113	19,230
	Fruitless and wasteful expenditure current year	7,384	7,665
	Condoned or written off by Council	(4,342)	(16,018)
	Recovered	(4,156)	(9,764)
	To be recovered – contingent asset	-	-
		-	-
	Fruitless and wasteful expenditure awaiting condonement	-	1,113
30.3	Irregular expenditure		
	Reconciliation of irregular expenditure		
	Opening balance	-	-
	Unauthorised expenditure current year	-	-
	Approved by Council or condoned	-	-
	Transfer to receivables for recovery	-	-
		-	-
	Irregular expenditure awaiting authorisation	-	-
31	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
31.1	Contributions to organized local government		
	Opening balance	-	-
	Council subscriptions	126,815	110,176
	Amount paid – current year	(126,815)	(110,176)
	Amount paid – previous years	-	-
	<i>Balance unpaid (included in creditors)</i>	-	-
31.2	Audit fees		
	Opening balance	-	-
	Current year audit fee	580,721	572,566
	Amount paid – current year	(580,721)	(572,566)
	Amount paid – previous years	-	-
	<i>Balance unpaid (included in creditors)</i>	-	-
31.3	PAYE and UIF		
	Opening balance	-	-
	Current year payroll deductions	4,050,722	4,000,186
	Amount paid – current year	(4,051,209)	(4,000,186)
	Amount paid – previous years	-	-
	<i>Balance unpaid (included in creditors)</i>	(488)	-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

31.4 Pension and Medical Aid Deductions

Opening balance
Current year payroll deductions and Council Contributions
Amount paid – current year
Amount paid – previous years

Balance unpaid (included in creditors)

2009
R

2008
R

(17)	-
6,432,595	5,584,229
(6,432,562)	(5,584,245)
(17)	-
-	(17)

31.5 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

Supply Chain Management Policy has been amended and adopted by Council with an effective date of 1st January 2008 for implementation..

The following deviations were allowed in terms of the Supply Chain Policy for the year under review.

Supplier

Service

Anton Momberg	Statue
PAC Pumps	Repair of two windmill & pipes
Icentrics PSS	Blue Print Management system licences
Icentrics PSS	Procurement of a management programme
Donavon Johnson	Hiring of PA System
Softline VIP	VIP Report
Softline VIP	Employee self service
Japson Hardware	Building Material
Katz Roof & Bricks	Building Material
Molatsi Outdoor Advertising	Advertisement
Swift Print	Printing of external news paper
Mojalefa Trading	Security cameras
Zolezema Trading	Voter education
SBH Development	Voter education
FCSA Organisation Service	Training
Biztech Trading	Training
FCSA Organisation Service	Training
Tatichain Technologies	Asset software
SA Water Supplies	Asset software

565,733	-
114,764	-
191,221	-
240,221	-
15,000	-
11,068	-
14,442	-
10,918	-
17,271	-
20,000	-
18,419	-
58,223	-
115,000	-
186,000	-
21,603	-
28,220	-
43,120	-
186,525	-
220,615	-

Total

2,078,361	-
------------------	----------

32 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure

Approved and contracted for

Other Assets
Community
Heritage

6,248,000	25,469,380
6,195,000	25,469,380
-	-
53,000	-

Approved and not yet contracted for

Other Assets
Community
Heritage

-	-
-	-
-	-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

The expenditure will be financed from
 External Borrowings
 Internal Funding (Own Resources)

2009	2008
R	R
-	15,000,000
6,248,000	10,469,380
6,248,000	25,469,380

33 CONTINGENT LIABILITIES

33.1 Transnet: Sale of Koopmansfontein

Sighning of an agreement to sell Koopmansfontein to the District Municipality has been concluded on 17 November 2003 pending ministerial approval for the sale.

In terms of the sighned agreement, the purchaser will be liable to pay a monthly occupational rent amounting to 1% of the purchase price (R45 000) if the purchaser elect to take occupation and posession before the date of registration. Due to the fact that the sale of Koopmansfontein has not been approved by the minister, the occupational rental to the estimated amount of R21 600 has not been paid since the date of signing of the contract.

33.2 Labour Disputes

Two labour related matters are pending against council.

33.3 Tender allocations

The allocated tender in relation to the compilation of a valuation roll for Magareng municipality is in dispute due to non-compliance on the delivered otcomes to the total value of R647 429

34 FINANCIAL RISK MANAGEMENT

The activities of the District Municipality exposed it to a variety of financial risks, including market risk (comprising currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The District Municipality's:

34.1 **Foreign Exchange Currency Risk:**

The District Municipality does not engage in foreign currency transactions.

34.2 **Interest Rate Risk:**

The District Municipality is mainly exposed to interest rate risk due to the movements in long-term and short term interest rates:

The risk is management on an on-going basis.

34.3 **Credit Risk:**

Credit risk is the risk that a counter party to a financial asset will fail to discharge an obligation and cause the District Municipality to incur financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions , as well as credit exposures to grant debtors.

For banks and financial institutions, only independently rated parties with minimum rating of "B+" are excepted. Grants are receivable from higher order levels of government.

34.4 **Liquidity Risk:**

Liquidity risk is the risk that the District Municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009
R

2008
R

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The financial liabilities of the District Municipality are backed by appropriate assets and it has adequate liquid resources. The District Municipality monitors the cash projections by ensuring that borrowing facilities are available to meet its cash requirements.

No significant financial risk pertaining to creditors exists except for mainly operational risks that are not covered in here.

The maximum credit and interest risk exposures in respect of the relevant financial instruments are as follows:

Investments	5,722	5,722
Borrowings	15,000,000	-
Current Portion of Borrowings	-	-
Long Term Receivables	-	-
Trade receivables from exchange transactions	1,100	320
Other receivables from non-exchange transactions	4,673,376	4,676,474
Current Portion of Long-term Receivables	-	-
Short-term Investment Deposits	70,100,000	67,300,000
Bank and Cash Balances	344,347	601,714
Maximum Credit and Interest Risk Exposures	90,124,545	72,584,230

35 FINANCIAL INSTRUMENTS

In accordance with IAS 39.09 the financial sets of the municipality are classified as follows:

<u>Financial Assets</u>	<u>Classification</u>		
Investments			
Fixed Deposits	Held to maturity	-	-
Long-term Receivables			
Staff Loans	Loans and Receivables	-	-
Consumer Debtors			
Trade receivables from exchange transactions	Loans and Receivables	1,100	320
Other receivables from non-exchange transactions	Loans and Receivables	4,673,376	4,676,474
Other Debtors			
Payments made in Advance	Loans and Receivables	-	-
Current Portion of Long-term Receivables			
Staff Loans	Loans and Receivables	-	-
Short-term Investment Deposits			
Call Deposits	Held to maturity	70,100,000	67,300,000

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2008 R
Bank Balances and Cash			
Bank Balances	Held to maturity	341,047	598,414
Cash Floats and Advances	Held to maturity	3,300	3,300
SUMMARY OF FINANCIAL ASSETS			
Held to maturity:			
Investments	Fixed Deposits	-	-
Short-term Investment Deposits	Call Deposits	70,100,000	67,300,000
Bank Balances		341,047	598,414
Cash Floats and Advances		3,300	3,300
		70,444,347	67,901,714
Loans and Receivables			
Long-term Receivables	Staff Loans	-	-
Consumer Debtors	Exchange transactions	1,100	320
Consumer Debtors	Non-exchange transactions	4,673,376	4,676,474
Other Debtors	Payments made in advance	-	-
Current Portion of Long-term Receivables	Staff Loans	-	-
		4,674,475	4,676,794
Total Financial Assets		75,118,823	72,578,508

FINANCIAL LIABILITIES

In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows (FVTPL = Fair Value through Profit or

<u>Financial liabilities</u>	<u>Classification</u>		
Long-term Liabilities			
Annuity Loans	At amortised cost	15,000,000	-
Provisions		24,490,808	22,681,096
Creditors			
Trade creditors	At amortised cost	4,000,606	-
Payments received in advance	At amortised cost	16,722	19,511
Retentions	Not valued at FVTPL	696,254	853,370
Other creditors	At amortised cost	544,870	702,218
Unspent Conditional Grants and Receipts			
Other Spheres of Government	At amortised cost	7,951,454	12,671,294

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2008 R
Operating Lease Liability			
Operating Lease Liability	Not valued at FVTPL	19,432	17,813
Current Portion of Long-term Liabilities			
Annuity Loans	At amortised cost	-	-
Total Financial Liabilities		52,720,146	36,945,303

36 EVENTS AFTER THE REPORTING DATE

The Municipality is not aware of any events after the reporting date.

37 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

38 COMPARISON WITH THE BUDGET

The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexures "E (1) and E (2)".

39 RELATED PARTY TRANSACTIONS

	Rates	Service Charges	Other	Outstanding Balances
39.1 Year ended 30 JUNE 2009				
Councillors	-	-	-	-
Municipal Manager and Section 57 Employees	-	-	-	-
Year ended 30 JUNE 2009				
Councillors				
Municipal Manager and Section 57 Employees				

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

39.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 13 to the Annual Financial Statements.

39.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 20 to the Annual Financial Statements.

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009
R

2008
R

39.4 Other related party transactions

The following purchases were made during the year where Councillors or staff have an interest:

<u>Councillor/Staff Member</u>	<u>Entity</u>
None	None

39.5 Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities.

GRAP 19 -Provisions, Contingent Liabilities and Contingent Assets

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise the following provisions, contingent liabilities or contingent assets relating to Property, Plant and Equipment:

Refuse tip-sites financed by way of a provision;

The municipality is currently in a process of identifying all provisions which must be measured in terms of GRAP 19 and it is expected that this process will be completed for inclusion in the 2010 financial statements.

Since the previous reporting date the following provisions were measured in accordance with GRAP 19 and restated retrospectively:

Refuse tip-sites financed by way of a provision;
Post retirement benefits

-	-
21,762,966	20,928,297
<u>21,762,966</u>	<u>20,928,297</u>

GRAP 100 -Non-current assets and discontinued operations

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise non-current assets held for sale and discontinued operations relating to Inventories, Investment Properties, Property, Plant and Equipment, Agriculture and Intangible Assets which are not recognised in terms of the transitional provisions relating to those standards:

GRAP 16 - Investment Properties

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2008. The municipality did not recognise all the Investment Properties:

The municipality is currently in a process of identifying all Investment Properties and have it valued in terms of GRAP 16 and it is expected that this process will be completed for inclusion in the 2010 financial statements.

Since the previous reporting date the following Investment Properties were measured at fair value in accordance with GRAP 16 and restated retrospectively:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

GRAP 102 - Intangible Assets

GRAP 12 - Inventories

	-	-
	-	-
	-	-
	-	-
	-	-

FRANCES BAARD DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009
R

2008
R

Process to comply fully with the implementation of General Recognised Accounting Practices (GRAP)

The municipality adopted a phased-in approach in order to comply fully with the implementation of GRAP. The municipality is classified by the National Treasury as a medium capacity municipality and must comply with GRAP by 30 June 2009. The municipality, however, took advantage of the transitional provisions in Directive 4 from the Accounting Standards Board and aims to comply fully with GRAP by 30 June 2011..

APPENDIX A

FRANCES BAARD DISTRICT MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 01/07/2008	Received during the period	Redeemed written off during the period	Balance at 30/06/2009	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
LONG-TERM LOANS			R	R	R	R	R	R
Registered Stock Loans			-	-	-	-		
Total Long-Term Loans			-	-	-	-	-	-
ANNUITY LOANS								
DBSA Loan:- Frances Baard council Chamber & Offices	103363/1	10 Years	-	15,000,000	-	15,000,000	23,379,639	
Total Annuity Loans			-	15,000,000	-	15,000,000	23,379,639	-
GOVERNMENT LOANS								
Total Government Loans			-	-	-	-	-	-
LEASE LIABILITY								
Lease Liability			-	-	-	-		
Total Lease Liability			-	-	-	-	-	-
TOTAL EXTERNAL LOANS			-	15,000,000	-	15,000,000	23,379,639	-

APPENDIX B

FRANCES BAARD DISTRICT MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009

	Cost / Revaluation					Accumulated Depreciation				Carrying Value	Budget Additions 2009
	Balance at 01/07/2008	Additions	Under Construction	Disposals	Balance at 30/06/2009	Balance at 01/07/2008	Additions	Disposals	Balance at 30/06/2009		
COMMUNITY ASSETS											
Land & Buildings	106,676	-	-	-	106,676	7,121	3,556	-	10,677	95,999	30,000
Security Measures	118,934	247,894	-	-	366,828	56,321	80,300	-	136,621	230,207	255,000
Total: Community Assets	225,610	247,894	-	-	473,504	63,442	83,856	-	147,299	326,205	285,000
HERITAGE ASSETS											
Statues	-	-	591,898	-	591,898	-	-	-	-	591,898	600,000
Total: Heritage Assets	-	-	591,898	-	591,898	-	-	-	-	591,898	600,000
OTHER ASSETS											
Land & Buildings	13,267,163	3,110	23,379,639	-	36,649,912	3,740,141	362,101	-	4,102,243	32,547,669	24,700,000
Office Equipment	457,899	42,126	-	2,690	497,336	283,129	65,415	1,148	347,396	149,940	11,380
Furniture & Fittings	614,299	671,336	-	-	1,285,634	153,243	56,342	-	209,585	1,076,050	1,066,000
Plant & Machinery	452,276	1,526,330	-	-	1,978,606	163,750	132,751	7,311	289,189	1,689,417	1,692,520
Emergency Equipment	443,179	10,875	-	-	454,054	258,775	73,515	-	332,291	121,764	20,000
Motor Vehicle	2,522,436	-	-	-	2,522,437	1,572,570	360,163	-	1,932,733	589,703	-
Land Fill Sites			3,200		3,200					3,200	-
Computer Equipment	2,557,539	836,390	-	31,440	3,362,489	1,703,091	523,473	17,868	2,208,696	1,153,794	914,505
Total: Other Assets	20,314,791	3,090,167	23,382,839	34,130	46,753,669	7,874,699	1,573,760	26,327	9,422,131	37,331,537	28,404,405
Less transferred to Non- Current Assets Held for Sale					(150,000)					(150,000)	
TOTAL ASSETS	20,540,402	3,338,061	23,974,737	34,130	47,669,070	7,938,141	1,657,616	26,327	9,569,430	38,099,640	29,289,405

APPENDIX C

FRANCES BAARD DISTRICT MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009

	Cost					ACCUMULATED DEPRECIATION				Carrying Value
	Balance at 01/07/2008	Additions	Under Construction	Disposals / Adjustments	Balance at 30/06/2009	Balance at 01/07/2008	Additions	Disposals / Adjustments	Balance at 30/06/2009	
Executive and Council	373,280	739,993	591,898	68,929 * -	1,774,100	137,061	91,696	45,049 -	273,806	1,500,294
Finance & Admin	18,752,280	706,688	-	(156,831) * 31,440	19,270,698	7,170,249	1,222,911	(119,638) 8,459	8,265,063	11,005,635
Planning & Development	525,329	1,531,751	23,379,639	49,915 * 2,690	25,483,943	195,104	111,408	74,215 -	380,727	25,103,217
Health	192,753	12,864	3,200	62,894 * -	271,711	69,934	44,731	10,257 17,868	107,054	164,657
Community & Social Services	15,232	4,225	-	(8,462) * -	10,995	8,498	2,529	(7,495) -	3,533	7,463
Housing	50,410	-	-	(23,815) * -	26,594	6,741	7,534	(4,081) -	10,195	16,400
Public Safety	631,118	342,539	-	7,371 * -	981,028	350,554	176,807	1,692 -	529,053	451,975
Sport & Recreation	-	-	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-
Road Transport	-	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
TOTAL PER VOTE	20,540,402	3,338,061	23,974,737	- * 34,130	47,819,070	7,938,141	1,657,616	- * 26,327	9,569,430	38,249,640
Less transferred to Non- Current Assets Held for Sale					(150,000)					(150,000)
Total Assets	20,540,402	3,338,061	23,974,737	34,130	47,669,070	7,938,141	1,657,616	26,327	9,569,430	38,099,640
<i>* Internal Transfers</i>										

APPENDIX D

FRANCES BAARD DISTRICT MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE AS AT 30 JUNE 2009

Actual Income 2008 R	Actual Expenditure 2008 R	Surplus / (Deficit) 2008 R		Actual Income 2009 R	Actual Expenditure 2009 R	Surplus / (Deficit) 2009 R
893,000	(13,195,240)	(12,302,240)	Executive and Council	2,148,248	(16,158,118)	(14,009,870)
61,842,351	(13,092,990)	48,749,361	Finance & Admin	67,139,153	(20,112,029)	47,027,125
11,935,026	(43,889,884)	(31,954,858)	Planning & Development	16,164,075	(38,068,099)	(21,904,024)
100,000	(1,348,618)	(1,248,618)	Health	92,000	(1,415,317)	(1,323,317)
-	(807,020)	(807,020)	Community & Social Services	-	(749,402)	(749,402)
420,774	(370,364)	50,410	Housing	1,391,224	(1,394,000)	(2,776)
645,389	(1,555,656)	(910,267)	Public Safety	731,420	(1,843,996)	(1,112,576)
-	-	-	Sport & Recreation	-	-	-
-	-	-	Environmental Protection	-	-	-
-	-	-	Waste Management	-	-	-
-	-	-	Road Transport	-	-	-
20,880	(20,877)	3	Water	22,997	(28,989)	(5,992)
9,970	(9,967)	3	Electricity	6,649	(8,690)	(2,041)
-	-	-	Other	-	-	-
75,867,389	(74,290,617)	1,576,772	SUB TOTAL	87,695,766	(79,778,639)	7,917,127
-	-	-	Less: Inter-Departmental Charges	-	-	-
75,867,389	(74,290,617)	1,576,772	TOTAL	87,695,766	(79,778,639)	7,917,127

APPENDIX E1

FRANCES BAARD DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009

	Actual R	Budget R	Variance R	Variance %	Explanation of Significant variances greater than 10 % versus Budget
REVENUE					
Transfer Revenue	76,836,081	73,909,515	2,926,566	3.81%	Amount not significant
Actuarial Gains	406,012		406,012	100.00%	The amount resulted with implementation of provision for long term employee benefits.
Service charges	15,815	17,000	(1,185)	-7.49%	Deviation not significant
Rental of facilities and equipment	45,313	36,000	9,313	20.55%	Under budgeted
Interest earned - external investments	9,138,607	7,780,000	1,358,607	14.87%	Under budgeted
Income for agency services	781,111	715,000	66,111	8.46%	Deviation not significant
Other income	464,951	220,000	244,951	52.68%	Under budgeted
Gains on disposal of property, plant and equipment	7,876	-	7,876	100.00%	Amount not significant
Total Revenue	87,695,766	82,677,515	5,018,251	5.72%	
EXPENDITURE					
Executive and Council	16,158,118	18,334,320	(2,176,202)	-13.47%	Deviation in the areas of consultancy, councilor training, legal services, incentive bonus and operational expenditure budgeted for the establishment of the youth unit.
Finance & Admin	20,112,029	22,126,925	(2,014,896)	-10.02%	Deviation in the areas of consultancy and filling of posts according to the organogram.
Planning & Development	38,068,099	41,778,262	(3,710,163)	-9.75%	Deviation not significant
Health	1,415,317	1,657,670	(242,353)	-17.12%	Deviation as a result of vacant posts not filled accordingly.
Community & Social Services	749,402	881,750	(132,348)	-17.66%	Deviation as a result of special projects not fully implemented.
Housing	1,394,000	1,858,990	(464,990)	-33.36%	Expenditure of the housing unit is limited to the actual revenue received year-to-date.
Public Safety	1,843,996	2,155,815	(311,819)	-16.91%	Deviation in the areas of consultancy and filling of posts according to the organogram.
Water	28,989	51,715	(22,726)	-78.39%	Variances based on actual expenditure trends are due to general expenses not utilised.
Electricity	8,690	13,200	(4,510)	-51.90%	Variances based on actual expenditure trends are due to general expenses not utilised.
Total Expenditure	79,778,639	88,858,647	(9,080,007)	-11.38%	

APPENDIX E2

FRANCES BAARD DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009

Revenue	Actual R	Budget R	Variance R	Variance %	Explanation of Significant variances greater than 10 % versus budget
COMMUNITY ASSETS					
Land & Buildings	-	30,000	-30,000.00	-100.00%	Cemetery at Olierivier not established
Security Measures	247,894	255,000	(7,106)	-2.87%	Deviation not significant
Total: Community Assets	247,894	285,000	(37,106)	100.00%	
HERITAGE ASSETS					
Statues	591,898	600,000	(8,102)	-1.37%	Amount not significant
	591,898	600,000	(8,102)	-1.37%	
OTHER ASSETS					
Land & Buildings	19,193,092	24,700,000	(5,506,908)	-28.69%	Uncompleted portion rolled to next financial year.
Office Equipment	42,126	11,380	30,746	72.99%	Amount previously budgeted under office equipment transferred to furniture & fittings
Furniture & Fittings	671,336	1,066,000	(394,664)	-58.79%	Acquisition of equipment for new council chambers rolled over to next financial year
Plant & Machinery	1,526,330	1,692,520	(166,190)	-10.89%	Deviation not significant
Emergency Equipment	10,875	20,000	(9,125)	-83.91%	Amount not significant
Motor Vehicle	-	-	-	-	
Land Fill Sites	3,200	-	3,200	100.00%	As approved by Council
Computer Equipment	836,390	914,505	(78,115)	-9.34%	Deviation not significant
Total Other Assets	22,283,349	28,404,405	(6,121,056)	-27.47%	
TOTAL ASSETS	23,123,140	29,289,405	(6,158,162)	-26.63%	

